

NYIPLA

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Bulletin

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Brief Of An Amicus Curiae In The United States Supreme Court: KSR International Co. v. Teleflex Inc., et al. *

Submitted on behalf of the NYIPLA by President Marylee Jenkins, the Board of Directors and Rochelle K. Seide and John K. Hsu as counsel.

STATEMENT OF INTEREST OF AMICUS CURIAE

This brief amicus curiae is submitted in support of Respondents by the New York Intellectual Property Law Association (the "NYIPLA" or the "Association"), a professional association of more than 1,300 attorneys whose interests and practices lie in the area of patent, copyright, trademark, trade secret, and other intellectual property law.¹

NYIPLA members include in-house attorneys working for businesses that own, enforce and challenge patents as well as attorneys in private practice who represent both patent owners and accused infringers. NYIPLA members frequently engage in patent licensing matters, representing both patent licensors and licensees.

NYIPLA members represent both plaintiffs and defendants in infringement litigation and also regularly participate in proceedings before the United States Patent and Trademark Office ("PTO"), including representation of applicants for patents and parties to interferences. A substantial percentage of NYIPLA members participate actively in patent litigation.

NYIPLA has a particularly strong interest in the meaning and application of 35 U.S.C. § 103 because a past pres-

ident of the Association, Judge Giles S. Rich, had a significant involvement in the drafting of the statute. In particular, Judge Rich co-authored Section 103 and spoke on behalf of the Association before Congress and the legal community to educate and champion the purpose and application of the Section.

QUESTION PRESENTED

Whether the Federal Circuit erred in holding that a claimed invention cannot be held "obvious," and thus unpatentable under 35 U.S.C. § 103(a), in the absence of some proven "'teaching, suggestion or motivation' that would have led a person of ordinary skill in the art to combine the relevant prior art teachings in the manner claimed"?

POSITION OF AMICUS REGARDING QUESTION PRESENTED

The Association respectfully submits that the Federal Circuit's teaching-suggestion-motivation test has provided an objective, predictable, and reliable means of applying Section 103 and preventing hindsight analysis from plaguing the obviousness determination. The test is consistent with this Court's precedent and has served the patent system well. Consequently, the Federal Circuit did not err in its decision below.

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SUMMARY OF THE ARGUMENT

Over a century and a half ago, this Court recognized in *Hotchkiss v. Greenwood* the necessity of a non-obviousness requirement in our patent system. Both judges and patent examiners, however, had difficulty applying the requirement, which resulted in an uneven application of the law. Even worse, judges and examiners often arbitrarily determined patentability based on subjective standards.

In response, Congress enacted 35 U.S.C. § 103 to codify the non-obvious requirement and provide an objective standard for determining obviousness. Subsequently, this Court provided, in *Graham v. John Deere Co.*, a robust framework for deciding the obviousness issue. This Court, however, did not fully address how to prevent judges and patent examiners from allowing hindsight to cloud their evaluation of obviousness. To fill that void, the Federal Circuit, building upon the precedents of the Court of Customs and Patent Appeals (“CCPA”), developed the teaching-suggestion-motivation test. With this test, the Federal Circuit ensures that there is some basis, either explicit or implicit, in the prior art for an evaluator’s finding that the invention is obvious and prevents the unjustified use of hindsight to invalidate patent claims.

The teaching-suggestion-motivation test serves this purpose well. The test is flexible and allows judges and patent examiners to reject obvious inventions while protecting inventors from the invalidation of their patent claims based on nothing more than the inventor’s own disclosure of his invention. Absent the protection of the teaching-suggestion-motivation test, many truly inspired inventions are liable to be found obvious, based solely on the disclosures contained in their own applications. Because the case at bar is entirely consistent with this Court’s jurisprudence and the statutory framework, the decision in favor of Respondents should be upheld.

ARGUMENT

I. CONGRESS ENACTED 35 U.S.C. § 103 TO PROVIDE AN OBJECTIVE AND RELIABLE STANDARD FOR DETERMINING OBVIOUSNESS

A. Before Enactment of Section 103, the Difficulty of Determining Obviousness Resulted in an Uneven Application of the Law

In *Hotchkiss v. Greenwood*, this Court firmly grafted onto the patent law a requirement that an invention, in addition to being novel and useful, had to be non-obvious to warrant patent protection. 52 U.S. (11 How.) 248 (1850). Although clearly establishing a non-obviousness requirement, the Court did not set forth a clear standard

to determine whether an invention met the requirement. As a result, subsequent courts struggled to implement this requirement, relying on varying tests, or at worse, no test at all. See Giles S. Rich, *Laying the Ghost of the “Invention” Requirement*, 1 Am. Pat. L. Ass’n Q.J. 26 (1972), reprinted in 14 Fed. Cir. B.J. 163, 166 (2004) [hereinafter *Laying the Ghost*]. Indeed, this Court later noted the difficulty judges faced by stating:

To say that the act of invention is the production of something new and useful does not solve the difficulty of giving an accurate definition, since the question of what is new, as distinguished from that which is a colorable variation of what is old, is usually the very question in issue. To say that it involves an operation of the intellect, is a product of intuition, or of something akin to genius, as distinguished from mere mechanical skill, draws one somewhat nearer to an appreciation of the true distinction, but it does not adequately express the idea. The truth is, the word [invention] cannot be defined in such manner as to afford any substantial aid in determining whether a particular device involves an exercise of the inventive faculty or not.

McClain v. Ortmyer, 141 U.S. 419, 426-27 (1891).

To implement the *Hotchkiss* requirement, courts proceeded to develop an amorphous “standard of invention” or “requirement for invention” to evaluate obviousness which, unfortunately, served only as a label that gave no insight to the analysis. See *Laying the Ghost*, at 166. This standard led to a circular reasoning in which an invention became patentable if the court found that it resulted from an “inventive act.” In fact, many in the patent bar noted that the use of the term “invention” in the obviousness analysis imparted a “mystical, indefinable, and unknowable quality or quantity” to the analysis. Irving Kayton, *Nonobviousness of the Novel Invention*—35 U.S.C. § 103, in *PATENT PREPARATION AND PROSECUTION PRACTICE* (Irving Kayton ed., Patent Resources Institute 1977), reprinted in *NONOBVIOUSNESS—THE ULTIMATE CONDITION OF PATENTABILITY*, at 2:101, 2:102 (John F. Witherspoon ed., BNA Books 1980).

Judge Giles S. Rich,² a co-author of Section 103, understood well the problems that arose from the vague nature of the standard and the state of the law. Judge Rich found that the standard of invention left no yardstick as to how to determine if something was patentable and noted that the ambiguous test predictably led to a “confusing state of the law of patent validity that followed in the wake of *Hotchkiss*.” George M. Sirilla & Giles S. Rich, *35 U.S.C. ... §103: From Hotchkiss to Hand to Rich, the Obvious Patent Law Hall-of-Famers*, 32 J. Marshall L.

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Rev. 437, 461 (1999) [hereinafter *Hall-of-Famers*]; see also *Laying the Ghost* at 166-67.

With nothing more than the vague notion of “invention” to guide them, the courts, and the PTO relying on court decisions, often determined patentability in an arbitrary fashion based on the personal views of judges and examiners as to what should be patentable. *Laying the Ghost* at 167. Judge Rich noted that:

[w]hat it all came down to, in final analysis, in the Patent Office or in court, was that if the Office or a judge was persuaded that an invention was *patentable* (after hearing all the praise by the owners and all the denigration by the opposition) then it *was* an “invention.” How that decision was reached was rarely revealed. Everyone realized it was subjective.

Id. In turn, courts applied the law unevenly due to the lack of a predictable and objective standard.

This Court also contributed to the difficulty in formulating a reliable test to determine whether an invention was non-obvious, and thus patentable. See *Hall-of-Famers*, at 468 (noting that the Court’s decisions from 1850 to 1891 “were at best inconsistent, and at worst confusing, with respect to any methodology for determining whether or not a patented device amounted to a truly patentable ‘invention’” and from 1892 to 1930, the Court used various tests for determining the existence of “invention” with mixed results). On the one hand, the Court sometimes relied on a severe requirement of “inventive genius” or “flash of genius.” See, e.g., *Cuno Eng’g Corp. v. Automatic Devices Corp.*, 314 U.S. 84, 91 (1941); *Reckendorfer v. Faber*, 92 U.S. 347, 357 (1875). On the other hand, the Court began applying the now well-known secondary considerations of non-obviousness without any analysis of “inventive genius.” See, e.g., *C. & A. Potts & Co. v. Creager*, 155 U.S. 597, 608-10 (1895); *Smith v. Whitman Saddle Co.*, 148 U.S. 674, 681-82 (1893).

Moreover, from 1930 to 1952 the Court appeared to have a harshly critical view of patents and, in particular, patents directed to mechanical devices comprised of combinations of known elements. See *Hall-of-Famers*, at 473 (“[T]he Supreme Court embarked on a period of what can only be termed disfavor of, if not outright hostility toward, patents.”); Edward Gregg, *Tracing the Concept of “Patentable Invention,”* 13 Vill. L. Rev. 98 (1967). Members of the patent bar, accordingly, feared that the patent system could be gutted absent intervention. Giles S. Rich, *Congressional Intent—Or, Who Wrote the Patent Act of 1952?* in *PATENT PROCUREMENT AND EXPLOITATION* (BNA Inc. 1963), reprinted in *NONOBVIOUSNESS—THE ULTIMATE CONDITION OF PATENTABILITY*, at 1:3 (John F. Witherspoon ed., BNA Books 1980) [hereinafter *Congressional Intent*]. (“The practical value of patents was being downgraded,” and “courts were, on the average,

applying a too stringent test for ‘invention.’”). Likewise, this Court’s hostility towards patents caused Justice Jackson to lament that “the only patent that is valid is one which this Court has not been able to get its hands on.” *Jungersen v. Ostby & Barton Co.*, 335 U.S. 560, 572 (1949) (Jackson, J., dissenting).

In *Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147 (1950), Justice Jackson, writing for the Court, one year after the above lament, invalidated a patent on a cashier’s counter that had been “widely adopted and successfully used.” *Id.* at 149. In reaching its decision, the Court asserted that the lower courts had misapplied the “standard of invention” for inventions that comprised combinations of old elements. *Id.* at 154. Moreover, the Court indicated that the proper standard took into account a synergistic effect of the elements. *Id.* at 152. (“The conjunction or concert of known elements must contribute something; only when the whole in some way exceeds the sum of its parts is the accumulation of old devices patentable.”).

Prompted by the seriousness of the problem facing the patent system due to the vague “standard of invention,” the National Patent Planning Commission (“NPPC”)³ voiced its concerns in reports that were widely circulated amongst the patent bar at that time. See Giles S. Rich, *Why and How Section 103 Came to Be*, in *NON-OBVIOUSNESS—THE ULTIMATE CONDITION OF PATENTABILITY*, at 1:201 (John F. Witherspoon ed., BNA Books 1980). Particularly, the NPPC found:

One of the greatest technical weaknesses of the patent system is the lack of a definitive yardstick as to what is invention. To provide such a yardstick and to assure that the various courts of law and the Patent Office shall use the same standards, several changes are suggested. It is proposed that Congress shall declare a national standard whereby patentability of an invention shall be determined by the objective test as to its advancement of the arts and sciences.

National Patent Planning Comm., Report, H.R. Doc. No. 239 at 6, 10 (June 18, 1943).

B. Congress Enacted Section 103 to Codify the Principle of *Hotchkiss* and to Provide an Objective Standard to Test Obviousness

In view of the difficulty that courts and the PTO faced when determining obviousness, Congress, with the guidance of patent practitioners from private practice, industry, and the PTO, enacted the Patent Act of 1952.⁴ In enacting Section 103, Congress set forth a succinct directive which could serve as a strong foundation to build an objective standard for assessing obviousness.

Understanding the need for a comprehensive revision of the patent laws to address issues such as non-obvious-

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ness, the House Subcommittee on Patents, Trademarks, and Copyrights assigned the task of drafting a patent bill to P.J. Federico, the then Examiner-in-Chief at the PTO. *Congressional Intent*, at 1:4. Mr. Federico collaborated with a select group of patent practitioners, including Judge Rich, Paul Rose, who was the American Patent Law Association's chairman of the Practice Committee, and Henry Ashton, who was the chairman of the National Council of Patent Law Associations. *Id.* at 1:5-1:6.

Notably, Judge Rich, the Association's President during the years 1950 and 1951, was instrumental in the creation and drafting of Section 103. *Congressional Intent* at 1:5-1:10. Judge Rich, along with Mr. Rose, served as the two-man Drafting Committee for the Patent Act of 1952 formed by the National Council of Patent Law Associations. *Id.* at 1:6. The Drafting Committee was tasked with revising the preliminary draft of the proposed patent legislation consistent with the consensus views of patent practitioners. *Id.* Accordingly, the Drafting Committee reviewed hundreds of comments from interested associations and individuals and after distilling the information and exercising their own judgment, proposed revisions to the preliminary draft. *Id.* Judge Rich and Mr. Rose subsequently worked closely with Mr. Federico and Mr. Ashton to submit a revised draft of the proposed legislation. *Id.* In turn, the four worked closely with Subcommittee on Patents of the Committee on the Judiciary of the House of Representatives to enact the statute. *Id.* at 1:7-1:10.

Not coincidentally, those four key drafters of the 1952 Patent Act met the day after the Supreme Court issued its decision in the *Great Atlantic & Pacific Tea Co.* case. *Congressional Intent* at 1:7, 1:8. As acknowledged by Judge Rich, the case clinched their decision to include Section 103 in the bill because the Court invalidated the patent-in-suit based on the very problem plaguing the patent system, i.e., the vague "standard of invention." *Id.* at 1:8; *Great Atl. & Pac. Tea Co.*, 340 U.S. at 154 ("[A] standard of invention appears to have been used that is less exacting than that required where a combination is

made up of old components. It is on this ground that the judgment below is reversed."). The drafters of the Patent Act included Section 103 "to enact a statutory substitute that would make more sense, would apply to all kinds of inventions, would restrict the courts in their arbitrary, *a priori* judgments on patentability, and that, above all, would serve as a uniform *standard of patentability.*" *Laying the Ghost* at 169-70.⁵

Accordingly, Congress included Section 103 in the Patent Act for uniformity and definiteness of the application of the non-obvious analysis. S. Rep. No. 1979 (June 27, 1952), *as reprinted in* 1952 U.S.C.C.A.N. 2394, 2400; H. Rep. No. 1923 (May 12, 1952), *as reprinted in* 1952 U.S.C.C.A.N. 2394, 2400 ("[t]his section [103] is added to the statute for uniformity and definiteness"), with the intention that Section 103 "should have a stabilizing effect and minimize great departures which have appeared in some cases." *Id.* See also P.J. Federico, *Commentary on the New Patent Act*, reprinted in 75 J. Pat. & Trademark Off. Soc'y 161, 184 (1993).

Unfortunately, the courts were slow to incorporate the new standard for obviousness and instead, continued in an arbitrary and uneven application of the law. See *Laying the Ghost*, at 164; see also Myron Cohen, *Nonobviousness and the Circuit Courts of Appeals—Twenty-Five Years in Review*, in *NONOBVIOUSNESS—THE ULTIMATE CONDITION OF PATENTABILITY*, at 3:1 (John F. Witherspoon ed., BNA Books 1980). Likewise, the PTO still relied on the vague "standard of invention." See *Laying the Ghost*, at 172-73 (noting that when Judge Rich came to the CCPA in 1956, he found that four years after the enactment of Section 103, the CCPA continued to ignore the statute, with the court deciding cases with rejected claims based on a lack of invention, and the solicitor of the PTO still arguing on that basis). Section 103 might have been doomed to the same uncertainties that prevailed before its enactment due to judicial and administrative inertia. This Court, however, set forth a stable legal framework for deciding obviousness challenges, consistent with Section 103, with its decision in *Graham v. John Deere Co.*, 383 U.S. 1 (1966).

II. IN *GRAHAM*, THIS COURT SET FORTH A STABLE FRAMEWORK FOR DETERMINING OBVIOUSNESS UNDER SECTION 103, BUT DID NOT FULLY ADDRESS HOW TO AVOID THE USE OF HINDSIGHT ANALYSIS

A. In *Graham*, the Court Used Its Implicit Authority to Further Implement Standards for Section 103

Congress recognized that the proper application of Section 103 would require further development either by Congress or the courts. See P.J. Federico, *Commentary on*

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the New Patent Act, reprinted in 75 J. Pat. & Trademark Off. Soc'y 161, 184 (1993):

The problem of what is obvious and hence not patentable is still of necessity one of judgment. The statute does not purport to categorize the particular criteria according to which the judgment is to be exercised, in fact, the Revision Note under section 103 indicates that the section would also serve as a basis for the addition at a later time of some criteria which may be worked out.

In turn, this Court took a major step forward in *Graham* by setting forth a stable framework to determine obviousness under Section 103. The courts and the PTO are to analyze nonobviousness of an invention using what have become known as the “*Graham* Factors”: (1) evaluation of the scope and content of the prior art; (2) differences between the prior art and the claims at issue; (3) the level of ordinary skill in the pertinent art; and (4) secondary considerations, such as commercial success, long felt but unsolved needs, and the failure of others. *Graham*, 383 U.S. at 17-18.

When arriving at this framework, the Court recognized that Congress intended Section 103 to codify the law of obviousness first articulated in *Hotchkiss*. *Graham*, 383 U.S. at 16 (“We conclude that the section was intended merely as a codification of judicial precedents embracing the *Hotchkiss* condition”). The Court, however, could not have been endorsing the vague and uncertain jurisprudence that had existed before enactment of Section 103, as described above. Instead, the Court recognized Congress’s clear intent to codify the necessity of a non-obviousness standard based on objective criteria. Indeed, the Court set forth an excellent, although incomplete, means of effectuating the aims of Section 103.

B. This Court Recognized in *Graham* and its Antecedents that the Potential for Hindsight Presented a Major Problem for the Non-Obviousness Analysis

In *Graham*, the Court recognized the difficulty of resisting the use of hindsight in evaluating patentability of an invention and patent validity. *Graham*, 383 U.S. at 36 (quoting *Monroe Auto Equip. Co. v. Heckethorn Mfg. & Supply Co.*, 332 F.2d 406, 412 (1964) (Secondary considerations “may also serve to ‘guard against slipping into use of hindsight,’ and to resist the temptation to read into the prior art the teachings of the invention in issue.”). Indeed, this is not the first time the Court recognized the problem and, in fact, it has long realized the temptation and peril of using hindsight. For example, as early as 1881, the Court noted the impermissible use of hindsight by rejecting the temptation to resort to it when it upheld the patent-in-suit in *Loom Co. v. Higgins*, 105 U.S. 580

(1881), noting:

At this point we are constrained to say that we cannot yield our assent to the argument, that the combination of the different parts or elements for attaining the object in view was so obvious as to merit no title to invention. Now that it has succeeded, it may seem very plain to any one that he could have done it as well.

Id. at 591.

In 1911, the Court again criticized the use of hindsight when it also upheld the patent-in-suit in *Diamond Rubber Co. v. Consolidated Rubber Tire Co.*, 220 U.S. 428 (1911), finding:

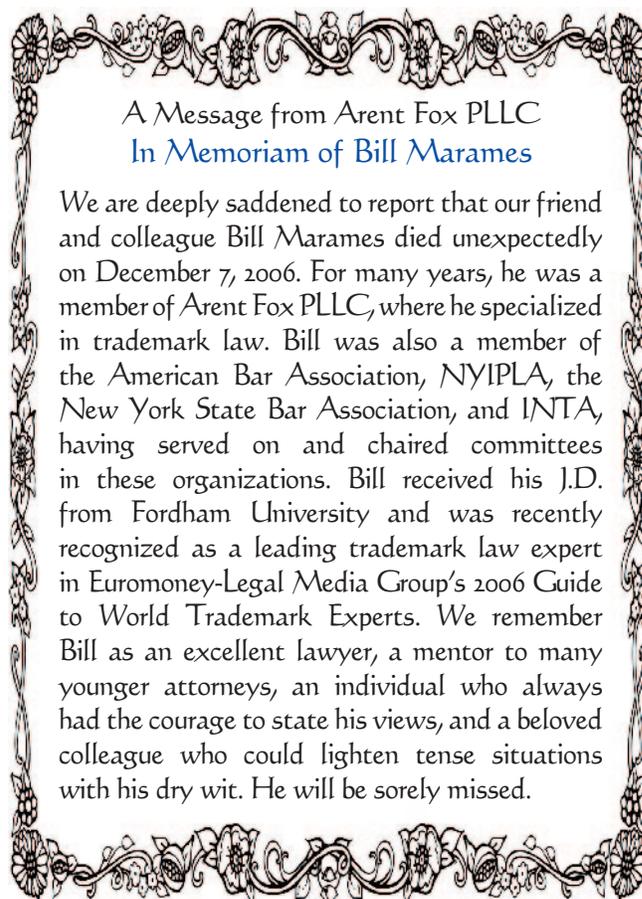
Knowledge after the event is always easy, and problems once solved present no difficulties, indeed, may be represented as never having had any, and expert witnesses may be brought forward to show that the new thing which seemed to have eluded the search of the world was always ready at hand and easy to be seen by a merely skillful attention.

Id. at 435.

Notably, in *Marconi Wireless Telegraph Co. of America v. United States*, 320 U.S. 1 (1943), Justice Frankfurter specifically warned against the unjustified use of hindsight to invalidate a patent, stating:

Reconstruction by hindsight, making obvious

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A Message from Arent Fox PLLC
In Memoriam of Bill Marames

We are deeply saddened to report that our friend and colleague Bill Marames died unexpectedly on December 7, 2006. For many years, he was a member of Arent Fox PLLC, where he specialized in trademark law. Bill was also a member of the American Bar Association, NYIPLA, the New York State Bar Association, and INTA, having served on and chaired committees in these organizations. Bill received his J.D. from Fordham University and was recently recognized as a leading trademark law expert in Euromoney-Legal Media Group’s 2006 Guide to World Trademark Experts. We remember Bill as an excellent lawyer, a mentor to many younger attorneys, an individual who always had the courage to state his views, and a beloved colleague who could lighten tense situations with his dry wit. He will be sorely missed.

something that was not at all obvious to superior minds until someone pointed it out,—this is too often a tempting exercise for astute minds. The result is to remove the opportunity of obtaining what Congress has seen fit to make available. . . . To find in 1943 that what Marconi did really did not promote the progress of science because it had been anticipated is more than a mirage of hindsight.

Id. at 62-63 (Frankfurter, J., dissenting).

Thus in *Graham*, the Court continued to voice its concern with the impermissible use of hindsight but did not fully develop safeguards against such improper use. The Court provided a robust framework for assessing obviousness and an admonition that hindsight should be kept from affecting the obviousness analysis. The teaching-suggestion-motivation test developed and used by the Federal Circuit (and its predecessor court, the CCPA) has furthered this Court’s directive against resorting to impermissible hindsight analysis in determining whether an invention is non-obvious and thus worthy of patent protection.

III. THE FEDERAL CIRCUIT’S TEACHING-SUGGESTION-MOTIVATION TEST EFFECTIVELY RESOLVES HINDSIGHT PROBLEMS

A. The Test Furthers the Goals of Section 103 and Works Well Within the Framework of *Graham*

While the Court in *Graham* provided the guiding principles for the application of Section 103, the Federal Circuit developed the teaching-suggestion-motivation test to fill the gap not fully addressed in *Graham*.⁶ The Federal Circuit developed the test to ensure that the patent system would have a reliable, objective test to protect inventors from a bias or temptation to use hindsight. In turn, the Federal Circuit has instilled an objectivity and predictability to the obviousness analysis.⁷ At its core, the teaching-suggestion-motivation test is premised on the notion that the obviousness analysis should be properly grounded on some concrete reason other than hindsight. *See Interconnect Planning Corp. v. Feil*, 774 F.2d 1132, 1143 (Fed. Cir. 1985) (citing *ACS Hosp. Sys., Inc. v. Montefiore Hosp.*, 732 F.2d 1572, 1577 n.14 (Fed. Cir. 1984)) (“When prior art references require selective combination by the court to render obvious a subsequent invention, there must be some reason for the combination other than the hindsight gleaned from the invention itself.”). This forces the analysis to be based on evidence—not speculation. *See Alza Corp. v. Mylan Labs., Inc.*, No. 06-1019, slip op. at 5-6 (Fed. Cir. Sept. 6, 2006) (“Our anti-hindsight jurisprudence is a test that rests on the unremarkable premise that legal determina-

tions of obviousness, as with such determinations generally, should be based on evidence rather than on mere speculation or conjecture.”).

The need for protection from the use of hindsight is even more pronounced in cases involving mechanical inventions, such as the one at bar.⁸ There is a very real risk that familiarity with mechanical principles and apparatus, which would not occur with regard to inventions directed to the chemical or electrical fields, will breed a false sense of intuition or understanding and lead to a more prevalent use of hindsight with regard to mechanical inventions. *See McGinley v. Franklin Sports, Inc.*, 262 F.3d 1339, 1351 (Fed. Cir. 2001) (“When the art in question is relatively simple, as is the case here, the opportunity to judge by hindsight is particularly tempting.”). By requiring concrete evidence to support the patent examiner’s or court’s determination, the teaching-suggestion-motivation test eliminates the arbitrary use of vague tests which, in reality, are no more than the application of hindsight. Hence, the test strongly protects against the very situations that plagued the patent system when the dubious “standard of invention” test held sway prior to the enactment of Section 103.

Petitioner and its supporting amici provide no credible way for courts to protect against hindsight entering into the analysis, absent the teaching-suggestion-motivation test. Indeed, the Solicitor General merely reassures that “[c]ourts are fully capable of distinguishing between obvious and nonobvious inventions without undue influence from the claimed invention itself.” Brief for the United States as Amicus Curiae Supporting Petitioner at 16, *KSR Int’l Co. v. Teleflex, Inc.*, No. 04-1350 (U.S. Aug. 2006) [hereinafter “Brief for the United States”]. This Panglossian view regarding hindsight essentially ignores the history, described above, of the challenges presented when courts are without a clear objective test. As Justice Frankfurter, applying a healthy dose of realism, once observed, the training of judges “ill-fits them to discharge the technological duties cast upon [them] by patent legislation.” *Marconi Wireless Tel. Co.*, 320 U.S. at 60-61 (Frankfurter, J., dissenting).

B. Absent the Teaching-Suggestion-Motivation Test, Many Valuable Inventions Would Be Susceptible to Invalidation by Judicial Hindsight, or May Be Found Unpatentable in the First Place

Many useful inventions may appear to be obvious with the improper application of hindsight. As the Court has noted, once an invention “has succeeded, it may seem very plain to any one that he could have done it as well. This is often the case with inventions of the greatest merit.” *Washburn & Moen Manuf’g Co. v. Beat’em All Barbed-Wire Co.* (The Barbed Wire Case), 143 U.S.

275, 283 (1892). The Barbed Wire Case provides a good example of such a situation. The Court was faced with a simple invention and acknowledged that the invention was not radically different from the previous art. *Id.* at 282. However, that minor change “made the barbed-wire fence a practical and commercial success.” *Id.* Another example is the invention directed to a horse collar. James V. De-Long, *Mind Over Matter*, REASON (June 1998), available at <http://reason.com/9806/fe.delong.shtml>; see also John Langdon, HORSES, OXEN AND TECHNOLOGICAL INNOVATION: THE USE OF DRAUGHT ANIMALS IN ENGLISH FARMING FROM 1066 TO 1500 5-9 (Cambridge University Press 1986). By making a relatively minor change to the harnesses of the day, so that they stopped choking the animals, farming productivity (plowing, harvesting, etc.) was increased fourfold. *Id.* Again, an evaluator looking at the problem from the perspective of the final result might readily conclude that the change was obvious to one skilled in the art; yet the change took many years to occur, which suggests that the change was not at all obvious.

Without the Federal Circuit’s teaching-suggestion-motivation test, many inventions that are of considerable value to society may never receive the patent protection their inventors have earned and deserve. History is replete with examples of relatively minor inventions that have gone on to advance, and even to revolutionize, their fields. Absent the protection afforded by the teaching-suggestion-motivation test, an evaluator assessing these inventions could simply have dismissed them as obvious to a person of ordinary skill in the art without citation to even a scintilla of evidence.

C. The Teaching-Suggestion-Motivation Test Allows for Flexibility

Petitioner and its supporting amici contend that the teaching-suggestion-motivation test is rigid and inflexible and thus prevents the exercise of common sense and knowledge in the technology. See, e.g., Brief for the United States, at 17. To the contrary, the test is only “rigid” to the extent it properly prohibits invalidating patents based on nothing more than an unfounded bias masquerading as “common sense” or intuition. Rather than being rigid or inflexible, the test, when properly applied, allows all relevant information to be evaluated by the courts and the PTO. Indeed, as the Federal Circuit recently described, the teaching-suggestion-motivation test is “quite flexible and not only permits, but *requires*, consideration of common knowledge and common sense.” *Dystar Textilfarben GMBH & Co. Deutschland KG v. C.H. Patrick Co.*, No. 06-1088, slip op. at 20 (Fed. Cir. Oct. 3, 2006). Equally important, an explicit statement of teaching, suggestion, or motivation to combine prior art references is not required to establish the obviousness of an invention. *Id.*

The Federal Circuit has repeatedly recognized that a motivation, suggestion, or teaching in the prior art can be found either explicitly or implicitly. See *Alza*, slip op. at 3; *In re Kahn*, 441 F.3d 977, 987 (Fed. Cir. 2006) (quoting *Nat’l Steel Car, Ltd. v. Canadian Pac. Ry., Ltd.*, 357 F.3d 1319, 1337 (Fed. Cir. 2004)); *Cross Med. Prods., Inc. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293, 1322 (Fed. Cir. 2005) (“[T]he motivation to combine need not be found in prior art references, but equally can

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NYIPLA CALENDAR

SAVE THESE DATES

— WEDNESDAY, JANUARY 24, 2007 —

CLE LUNCHEON PROGRAM

Princeton-Columbia Club • 15 West 43rd Street, New York, NY

Details to follow

— MARCH 23, 2007 —

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In conjunction with the 85th Annual Dinner in Honor of the Federal Judiciary

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Topic: “Preliminary Injunction Motions in Patent Litigation – Is This Your Day in Court?”

See www.NYIPLA.org for details

— MAY 9, 2007 —

23RD ANNUAL JOINT

PATENT PRACTICE SEMINAR

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Details to Follow

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be found in the knowledge generally available to one of ordinary skill in the art.”). Indeed, the Federal Circuit has explained that a motivation to combine references can be found in various sources other than the specific prior art references cited. *Dystar*, slip op. at 7-8 (“The motivation need not be found in the references sought to be combined, but may be found in any number of sources, including common knowledge, the prior art as a whole, or the nature of the problem itself.”). See also *In re Napier*, 55 F.3d 610, 613 (Fed. Cir. 1995). Moreover, this notion is not new. The Federal Circuit’s predecessor court stated “where it is found necessary, [examiners] may take notice of facts beyond the record which, while not generally notorious, are capable of such instant and unquestionable demonstration as to defy dispute.” *In re Ahlert*, 424 F.2d 1088, 1091 (C.C.P.A. 1970).

The PTO also understands the flexibility of the test, as its Manual of Patent Examining Procedure outlines the permissible guidelines for the application of such knowledge. U.S. Patent & Trademark Office, *Manual of Patent Examining Procedure*, § 2144.03 (8th ed. rev. 3d 2006) (“In limited circumstances, it is appropriate for an examiner to take official notice of facts not in the record or to rely on ‘common knowledge’ in making a rejection, however such rejections should be judiciously applied.”). The PTO may not solely rely on such knowledge, but it may apply the knowledge to support evidence contained in the prior art. *Id.*

Furthermore, the Federal Circuit’s recent jurisprudence clearly puts to rest the erroneous charge that under the teaching-suggestion-motivation test, judges or patent examiners will be unable to invalidate obvious inventions. In both *Alza* and *Dystar*, the Federal Circuit found the contested claims to be obvious under the teaching-suggestion-motivation test. See also Christopher Anthony Cotropia, *Nonobviousness and the Federal Circuit: An Empirical Analysis of Recent Case Law*, 82 NOTRE DAME L. REV. (forthcoming Feb. 2007), (manuscript at 24-25, available at http://papers.ssrn.com/so13/papers.cfm?abstract_id=933192) (finding no support for suggestion that nonobviousness requirement has lowered significantly but, rather, that “if any bias exists, it is a bias towards finding patents obvious, not nonobvious as most critics suggest”).

D. The Teaching-Suggestion-Motivation Test Protects Inventors From Arbitrary and Erroneous Decisions by Examiners and the Courts

As many amici in support of Petitioner have noted, the PTO is straining to accommodate the growth in the number of patent application filings.⁹ Contrary to the suggestions of Petitioner and its amici, abandonment of the teaching-suggestion-motivation test will do little to remedy this administrative problem. Most of the growth of the PTO’s workload has nothing to do with the purported difficulty of invalidating patents on the basis of obviousness.¹⁰ On a percentage basis, the PTO actually rejects many more patents now than it did 40 years ago. Between 1963 and 1965, the PTO received 284,103 applications and granted 166,007 patents, about a 58% grant rate. Between 2003 and 2005, the PTO received 1,165,690 applications and granted 526,034 patents, actually producing a lower grant rate of 45%. See U.S. Patent and Trademark Office, U.S. Patent Statistics Chart Calendar Years 1963-2005 (2006), available at http://www.uspto.gov/go/taf/us_stat.htm.

Moreover, the Solicitor General advocates:

The PTO should instead be allowed to bring to bear its full expertise—including its *reckoning* of the basic knowledge and common sense possessed by persons in particular fields of endeavor—when making the predictive judgment whether an invention would have been obvious to a person of ordinary skill in the art. The patent applicant should bear the burden of proving PTO’s Board and examiners wrong.

Brief for the United States, at 26 (emphasis added). How exactly an inventor is supposed to disprove a “reckoning” of the PTO or a court is left unexplained. While the Federal Circuit’s recent jurisprudence notes that “common knowledge” may support a finding of obviousness, the evaluator must clearly explain any such evidence relied upon. See *Dystar* slip op. at 17. Such reasoned findings by an evaluator are far from the type of essentially unsubstantiated analysis the Solicitor General suggests. Stripped of the certainty and predictability of the Federal Circuit’s teaching-suggestion-motivation test, inventors will be subject to the capriciousness of examiners and judges who, if the test is removed, will be susceptible to the irresistible temptation of hindsight analysis.

CONCLUSION

For over forty years, Section 103, coupled with this Court’s decision in *Graham*, has provided inventors and patent practitioners with a stable framework for evaluating obviousness. While the Court left largely unresolved

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the important issue of how to prevent hindsight bias from entering the obviousness analysis, the Federal Circuit has filled this void with the stable framework of the teaching-suggestion-motivation test. This test is flexible and has provided inventors and the patent community with a robust, reliable, and predictable mechanism to protect against the pernicious effects of hindsight.

* The following is an excerpt of the brief that was filed by the Association. The brief, in its entirety, can be found at http://www.nyipla.org/public/11amicusbriefs/Amicus_index.html.

¹ Pursuant to Sup. Ct. R. 37.6, the NYIPLA and its counsel represent that they have authored this brief in whole, and that no person or entity other than the amicus curiae and its counsel have made a monetary contribution to the preparation or submission of this brief. The parties have consented to the filing of this brief in papers docketed with this Court on July 19 and July 31, 2006.

² Judge Rich, a former president of the Association, left an impressive legacy in patent law and was recognized by the PTO as “the single most important figure in twentieth century intellectual property law.” Press Release, U.S. Patent and Trademark Office, Patent & Trademark Office Mourns Death of Judge Giles S. Rich (June 10, 1999), available at <http://www.uspto.gov/web/offices/com/speeches/99-14.htm>. See Section IB of this brief for a description of Judge Rich and the Association’s contribution to the drafting of Section 103.

³ President Roosevelt appointed the Commission by Executive Order in 1941 to plan and utilize in times of peace the nation’s expanded industrial capacity developed during war. Subcomm. on Domestic and Int’l Scientific Planning and Analysis of the House Comm. on Science and Tech., 94th Cong., Background Materials on Government Patent Policies: Reports of Committees, Commissions, and Major Studies xi (Comm. Print 1976).

⁴ Representative Shepard J. Crumpacker, a member of the House Subcommittee on Patents during the enactment of the Patent Act, emphasized that “when the courts, in seeking to interpret the language of the Act, go through the ritual of seeking to ascertain the ‘intent of Congress’ in adopting same, they would do well to look to the writings of these men—Federico [the Examiner-in-Chief of the PTO], Rich, Harris [counsel for the Subcommittee], and the others—as they, far more than any member of the House or Senate, knew and understood what was intended by the language used.” See Symposium on Patents, Summary of Proceedings, Section of Patents, Trademark and Copyright Law (Chicago: American Bar Center, 1962).

⁵ Judge Rich recollected on the important role the Association played in the enactment of Section 103 by stating that Section 103

replaced the vague and undefinable judge-made law requiring the presence of “invention.” ... Again it was this association [NYIPLA] through what was then called the Committee on Patent Law and Practice of the then NYPLA, on which I was servicing, that conceived the idea of replacing the requirement of “invention” with a defined nonobviousness provision and putting it in the statute, where there was then nothing whatever on that judge-made requirement.

Judge Giles S. Rich, Remarks at the 75th Annual Dinner of the NYIPLA (May 1997), in 37 NYIPLA BULL. 5, May/June 1997.

⁶ There is no single case in which the Federal Circuit announced the teaching-suggestion-motivation test. Rather the test has developed from a long line of cases, some of which even pre-date the enactment of Section 103, which recognize the importance of protecting the patent evaluation process from the scourge of hindsight analysis. See, e.g., *W.L. Gore & Assocs., Inc. v. Garlock, Inc.*, 721 F.2d 1540, 1553 (Fed. Cir. 1983); *In re Imperato*, 486 F.2d 585, 587 (C.C.P.A. 1973); *In re Bergel*, 292 F.2d 955, 956-57 (C.C.P.A. 1961); *In re Fridolph*, 30 C.C.P.A. 939, 942 (1943).

⁷ Even the Federal Trade Commission (“FTC”), in its widely cited report on the U.S. patent system, found that “the Federal Circuit’s application of the suggestion test arguably has the virtue of certainty and predictability.” Federal Trade Commission, To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy, Ch. 4 at 13 (October 2003) [hereinafter FTC Report].

⁸ The Association does not advocate that any type of disparate test be applied to differing types of inventions, but simply highlight the additional hazards posed to inventors of mechanical devices. Rather, the Association notes that the teaching-suggestion-motivation test is well suited to protect inventors in all disciplines from the hazards of hindsight bias. A single uniform test for all inventions accordingly does not allow for the tendency to invalidate or refuse to issue patents based on a bias toward a certain technology.

⁹ See e.g., Brief for the United States, at 23 n.1.

¹⁰ See generally FTC Report, Ch. 1 at 31 (noting sheer number of patents sought and received as challenge posed by growth of knowledge-based economy).

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What is the Price of Naming Incorrect Inventors?

By Dorothy R. Auth¹

Authorship on a scientific paper and inventorship on a U.S. patent may appear to present similar considerations at first glance – just identify anyone who participated in or contributed to the work. In both instances, potential gains from credit and recognition for contributions to scientific discovery and progress can enhance one’s reputation. However, authorship and inventorship are fundamentally different on a much deeper level, particularly in their legal significance. While issues of authorship often extend to questions of politics and professional courtesy, inventorship requires rigorous determinations based on legal principles and the specific facts involved in the case. According to patent law, a person simply “is” or “is not” an inventor of a patented invention.

In the world of scientific publications, research directors and principal investigators are often listed as co-authors purely as a professional courtesy. Lab technicians who performed exceptional work at a purely technical level are often named co-authors. However, in the world of patents, none of those individuals is considered an inventor in the eyes of the law. While mistakes in authorship on a scientific paper have little long-term consequences (absent outright fraud or the like), incorrect inventorship can have devastating consequences: you, the named inventor or assignee, can lose your patent and all rights associated with it. A recent case in the Southern District of New York demonstrates the potential impact incorrect inventorship can have.

In *Yeda Research and Develop. Co. v. ImClone Systems Inc.*, the District Court found that the named inventors of a patent (U.S. Patent 6,217,866, the “’866 patent”) exclusively licensed by ImClone Systems Incorporated from Sanofi-Aventis SA (jointly referred to herein as “ImClone”) were incorrectly credited with inventorship. As a result, the Court removed all of the named inventors and substituted other scientists (the “Weizmann scientists”) as the true inventors. The decision against ImClone wiped away the biotech company’s ownership rights for its sole product, the anti-cancer drug Erbitux. The decision also closely coincided with the FDA’s approval of a potential competitor drug, Vectibix, manufactured by Amgen Inc. in late September 2006. The Court’s decision in this case also coincided with a 37% drop in ImClone’s stock value, from a 52-week high of \$43.08 per share in May 2006 down to \$26.96 per share in early October 2006.

The named inventors on the ‘866 patent (“Schlessinger et al.”) provided an antibody they had prepared to the Weizmann scientists who experimented with it and determined that a combination of the antibody with certain chemotherapeutic agents was more effective as a cancer treatment than the chemotherapeutic agents alone, according to the Court. The Weizmann scientists then prepared a draft manuscript to prepare for publishing their findings on the antibody-based cancer therapy. As a courtesy, the Weizmann scientists sent the manuscript to Schlessinger. Upon receiving the draft, ImClone quickly filed a patent application on the antibody and the antibody-based cancer therapy described in the manuscript. In fact, the Court found that some of the data in the patent application was directly lifted from the manuscript prepared by the Weizmann scientists. However, none of the Weizmann scientists were named as inventors.

Years lapsed before the Weizmann scientists became aware of the patent. During this time, the Weizmann scientists’ work was published and the Schlessinger application proceeded through the Patent Office. Throughout this time, the Schlessinger group carefully concealed the application from the Weizmann scientists, according to the Court. The patent eventually granted, but was limited to the antibody-based cancer treatment method.

Once the Weizmann scientists became aware of the patent, they immediately sued under 35 U.S.C. § 256, requesting that they be added as inventors and, in a later amended complaint, that the named inventors be removed from the patent. In their defense, ImClone took the position that the named inventors were the sole inventors and that “but for” their antibody, no cancer treatment would have been possible. Under ImClone’s theory, the patented treatment method was a direct and predictable result of using the antibodies for their intended purpose as a cancer treatment. The District Court disagreed and found that the named inventors did not contribute in any significant way to the patented invention.

Although ImClone recently filed an appeal notice, several factors indicate that the District Court’s decision is not inconsistent with established Federal Circuit law.

Inventorship Requires Conception Of The Invention.

The ImClone case emphasizes that the issue of inventorship is fact-intensive and that a thorough investiga-

tion of the facts before filing can avoid problems once a patent has issued. Each person named on a patent must contribute to the *conception* the invention described by the patent's claims; that is, each named inventor must participate in the intellectual part of the inventive process.

An invention involves two steps: (1) conception of the inventive idea; and (2) reduction of the invention to practice. In patent law, these two aspects have well established meanings. Conception is the "formation in the mind of the inventor, of a definite and permanent idea of the complete and operative invention, as it is hereafter to be applied in practice."² According to the Federal Circuit, conception therefore requires evidence to show that the inventor came up with an idea that is so fully defined that "another person skilled in the art" would understand the conception in full.³ The second required step is reduction to practice, which can be either "actual" or "constructive": Actual reduction to practice refers to the physical making of an invention and "requires that the claimed invention work for its intended purpose," while constructive reduction to practice "occurs upon the filing of a patent application on the claimed invention."^{4,5}

"Conception is the touchstone of inventorship."⁶ Each and every person asserting inventorship on a patent must have contributed significantly to the conception of the invention in its final form. Inventorship is based solely on the invention as *claimed* in the patent. Therefore inventorship can not be claimed simply on the basis of "but for" causation. For instance, if a scientist provides another scientist a first material, without any specific instructions for experiments and the second scientist combines the first material with another material to make a new product, the first scientist is not an inventor of the new product. Similarly, a lab technician who performs, but does not *design*, experiments necessary for an invention's reduction to practice may be given a courteous acknowledgement in print if the work results in a published article, but he is not considered an inventor due to his lack of significant contribution to the *conception* of the invention.

Where an invention may have multiple inventors, joint inventors' contributions need not be equal, but each inventor's contribution to the final conception must be significant. Section 116 of the Patent Act provides that "inventors may apply for a patent jointly" even if "each did not make the same type or amount of contribution."⁷ The end result is that, while all inventors do not need to make equal contributions to the invention, everyone that contributed significantly to the conception must be

credited as an inventor. Because the identification of the true inventors of a given invention is often subject to dispute, the law allows inventorship to be changed without affecting the validity of the patent provided that the original misidentification of inventors occurred "without deceptive intent"⁸. Nonetheless, changing the inventorship of an issued patent can have serious consequences.

Corroborating Evidence is Crucial For Any Claim of Inventorship.

The law considers inventorship to be so important that it requires independent and reliable substantiation. Therefore, it is of utmost importance that all claims of inventorship be corroborated by other evidence. Should a dispute over inventorship arise, corroborating evidence from either contemporaneous documents or non-inventor testimonial sources is the key to establishing a disputed inventor's contribution. Scientists are expected to keep careful records of their ideas, progress and data in laboratory notebooks that are signed, co-signed, and dated. Notes scribbled on random, loose sheets of paper and stuffed into a notebook, unsigned and undated are dubious and will likely have little effect in demonstrating a scientist's contribution to conception under a judge or jury's scrutiny. Interpreting the strength of corroborating evidence depends heavily on the credibility of witnesses and the sufficiency and clarity of contemporaneous documents.

In the *ImClone* case, the District Judge analyzed the credibility of the opposing parties' conflicting accounts of the events involved in the case. One of the key issues was whether the named inventors had in fact contributed to the conception of the final invention. On one hand, ImClone claimed that the named inventors had fully conceived of the invention, a method of cancer treatment using a combination of their antibody with a chemotherapeutic agent, before they shared the antibody with the Weizmann scientists, according to the Court. On the other hand, the Weizmann scientists claimed that the named inventors offered no information or suggestion about how the antibodies should be used and that the Weizmann scientists independently discovered the invention in the '866 patent.

In weighing these opposing versions of the facts, the Court noted that the named inventors provided little corroborating evidence to support their position. In fact, ImClone presented no evidence to support their contention that the named inventors had thought of the claimed invention before seeing the draft manuscript from the Weizmann scientists other than the uncorroborated

cont. on page 12

testimony of one of the named inventors. In contrast, the Weizmann scientists presented contemporaneous evidence documenting each step of the events they testified to. This corroboration (and ImClone's lack thereof) was persuasive. Whether evidence in favor of the named inventors in *ImClone* existed or not, the lesson is that for a claim of inventorship to have value in court, an inventor must *at least* share her idea with others or must prepare and save contemporaneous written documentation of her conception. Without corroboration, even the word of a highly respected and world renowned scientist carries little weight in the eyes of the law.

A Person Merely Acting as a “Pair of Hands” For The Inventor Cannot Qualify As a Co-Inventor.

In *ImClone*, the named inventors also argued that the Weizmann scientists did not contribute significantly to the '866 patent and acted merely as “a pair of hands,” completing the project already conceived by the named inventors. Because the Weizmann scientists were known for studying conjugates for treatment of diseases, the named inventors alleged that they knew the Weizmann scientists would test the antibodies in a certain way. Thus, by giving the Weizmann scientists their antibodies, the named inventors “allowed” the Weizmann scientists to simply finish the project according to the named inventors' plans. Unfortunately for ImClone, the Court found that the evidence failed to support this argument. In fact, the Court held that if the named inventors truly had a complete conception of the invention before giving the antibodies to the Weizmann scientists, they needed to have documented or told someone about their conception.

In contrast, the Court found that contemporaneous evidence, including lab notebooks and reports, supported the conclusion that the '866 conception was performed solely by the *Weizmann scientists*, who through their own effort and inventiveness realized the potential of the antibodies provided to them some time after they began conducting experiments with the antibodies. In addition, during the time that the Weizmann scientists developed their cancer treatment method, they had no communications with the named inventors. ImClone failed to supply any evidence to the contrary other than the bare testimony of one of the named inventors.

Key to the District Court's finding was evidence that crucial parts of the patent application were copied directly from the draft manuscript provided by the Weizmann scientists. Rather than finding that the Weizmann scientists acted as “a pair of hands” in completing the bench experimentation designed by the named inventors, the court found quite the opposite; *i.e.* that the named inventors

acted only as a source of starting materials. In reaching its decision, the court specifically held that the Schlessinger group's provision of starting materials did not contribute to the conception of the claimed invention.

The “Pair of Hands” Argument Can Be An Effective One.

Although ImClone's attempted “pair of hands” argument failed based on a lack of supporting evidence, its argument claiming insufficient contribution by a disputed inventor was not from out of the blue. In *Burroughs-Wellcome v. Barr Labs., Inc.*, a case noted by the District Court as “almost precisely the opposite factual scenario from this [ImClone] case,” the NIH claimed co-inventorship on the patent for the AIDS drug AZT.⁹ The named inventors on the patents, researchers at Burroughs-Wellcome had conceived of the idea for the AZT drug and had contracted with the NIH to perform certain blind experiments on HIV-infected cells. Although the NIH argued that its testing of the compounds on HIV-infected cells was sufficient to constitute a significant contribution to the inventions, the court found that blind testing of compounds was not an inventive contribution. The NIH had acted as a non-inventive “pair of hands” for Burroughs-Wellcome, performing testing that Burroughs-Wellcome was unable to perform itself due to the restricted availability of the HIV-infected cell lines at the time of the invention. Although the verification testing was performed at the NIH, the Burroughs-Wellcome scientists had completed their invention before receiving the NIH test results as evidenced by their filing of the patent application. It was not necessary that all verifying experiments be complete for full conception to have occurred.

The Federal Circuit Has Seen Similar Cases to the ImClone Case.

Although the *ImClone* decision has been appealed, the Federal Circuit has come to the same conclusion in other cases with similar facts. For example, in *Univ. of Colo. Found., Inc. v. American Cyanamid Co.*,¹⁰ a chemist from Cyanamid (“Dr. Ellenbogen”) misappropriated inventive work from collaborators at the University of Colorado and claimed sole inventorship of a reformulated nutritional supplement. In that case, Cyanamid contracted with the University of Colorado scientists to run tests comparing Cyanamid's iron absorption supplement with a competitor's product. In addition to the originally commissioned experiments, the University of Colorado scientists independently conducted follow-up studies on Cyanamid's product and identified a new formulation of the supplement that would improve the product.

Further, paralleling the facts in *ImClone*, the University of Colorado scientists drafted an article for publication on their new product and advanced a courtesy copy to Dr. Ellenbogen at Cyanamid. Ellenbogen copied significant portions of the courtesy draft into a patent application and filed it in the US Patent and Trademark Office naming herself as the sole inventor. The cost of Ellenbogen's misappropriation was great, as the Court completely stripped Cyanamid and Dr. Ellenbogen of their patent rights, as well as awarding damages for unjust enrichment and punitive damages against Cyanamid.

The *ImClone* case is also similar to *Richardson v. Suzuki Motor Co., Ltd.*, where the Federal Circuit reassigned several patents originally assigned to Suzuki to Richardson and affirmed a jury's finding of fraud for which Richardson was awarded punitive damages.¹¹ In *Richardson*, the plaintiff entered an Option and License agreement with Suzuki to implement a specialized rear-suspension for Suzuki's off-road motorcycles based on his own invention and expertise. However, upon completion of his work, Suzuki chose not to exercise its option or to take a license from Richardson and began patenting his work under the name of Suzuki engineers. Although Suzuki argued that Richardson had no remedy but to seek an interference in the USPTO using his own application, the Federal Circuit disagreed, saying that "the courts are not powerless to redress wrongful appropriation of intellectual property by those subject to the courts' jurisdiction."¹² Thus, the court required the reassignment of the appropriate Suzuki patents at issue to Richardson. Here, in a case of big industry versus the little guy, as with the cases of the corporation versus the academics, the lesson to be learned is clear: pay special attention to who is named as an inventor on a patent.

Interestingly, both the *Richardson* and *American Cyanamid* decisions relied on equitable principles of unjust enrichment, fraud and/or misappropriation to reach their severe result –i.e., full loss of all rights in a patent for the original owners and inventors. However, the *ImClone* decision reaches the same result relying solely on legal principles, under 35 U.S.C. §256.

Conclusions

The potential consequences of misappropriating an invention, or failing to acknowledge the significant inventive contributions of others, are severe. Not only will the eventual discovery of the incorrect inventorship cause embarrassment to the named inventor and patent holder, but it can result in a court's reassignment of the patent to another party altogether, potentially under-

mining a company's value and destroying its market position. If the misidentification of inventors occurred through deliberate deception, moreover, it can render the patent invalid or unenforceable. Unlike authorship on a paper, named inventorship on a patent does more than just offer credit as a professional courtesy to all those that may have directly or indirectly contributed to a project's success. Inventorship requires no more and no less than actual involvement in the conception of the final patented invention.

The patent applicant must be certain that the named inventors did all of the inventive work towards the patent, and must keep corroborating documentary evidence in case a dispute over inventorship should arise. Those who did not contribute to the invention finally claimed in the patent must not be credited with invention. Finally, no inventor should be left uncredited merely due to a lack of clout or business savvy, for the courts have the power to remedy this in the end.

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² *Hybritech Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1376 (Fed. Cir. 1986).

³ *Burroughs Wellcome Co. v. Barr Labs., Inc.*, 40 F.3d 1223, 1228 (Fed. Cir. 1994).

⁴ *Brunswick Corp. v. U.S.*, 34 Fed. Cl. 532, 584 (1995).

⁵ Constructive reduction to practice is necessary in cases where the "invention" is a biological or chemical discovery and conception and reduction to practice are actually simultaneous.

⁶ *Burroughs Wellcome Co.*, at 1227.

⁷ 35 U.S.C. § 116.

⁸ *Id.*

⁹ *Supra*, note 2.

¹⁰ *Univ. of Colo. Found., Inc. v. American Cyanamid Co.*, 974 F.Supp. 1339, 1355 (D.Colo. 1997), *rev'd on other grounds*, 196 F.3d 1366 (Fed. Cir. 1999), *remanded to* 974 F.Supp. 1339, *aff'd* 342 F.3d 1298 (Fed. Cir. 2003).

¹¹ *Richardson v. Suzuki Motor Co., Ltd.*, 868 F.2d 1226 (Fed. Cir. 1989), *cert. denied* 493 U.S. 853 (1989).

¹² *Id.*, at 1250.

Websites As Virtual Product Packaging: Internet Vendors Of Downloadable Patented Software May Have A Duty To Mark Their Websites

Eric L. Lane¹

I. Introduction

In *IMX, Inc. v. LendingTree, LLC*,² the Delaware district court held that a patentee selling patented software which can be accessed through its website has a duty to provide notice of its patent on the website. This appears to be the first court decision to find that compliance with 35 U.S.C. § 287(a) requires a patentee to mark an internet website that facilitates downloads of patented software. This decision has important ramifications for vendors that offer patented software applications to consumers through their websites. These vendors may now have a duty to mark where such duty arguably did not exist before. The practical effect of this decision is that a website through which a software application can be downloaded should be treated as the legal equivalent of product packaging under § 287(a) and be marked accordingly.

II. The Law of Patent Marking

The purpose of the marking statute is to provide patentees the incentive to mark their products and give notice to the public that the products are covered by a patent.³ A patentee who places patented articles into the stream of commerce has an affirmative duty to provide notice – either by constructive notice to the public that the articles are patent protected, or by actual notice to the specific accused infringers.⁴ A failure to provide constructive notice will preclude the patentee’s recovery of monetary damages for the period of time before the patentee provided actual notice of infringement to the alleged infringer.

By statute, the only way constructive notice can be provided is by marking the patent number on the product or the package containing the product together with the word “patent” or a “pat.” abbreviation.⁵ The patent number should be marked on the patented article itself. However, if the nature of the article makes this unfeasible, the duty to mark may be fulfilled by marking the package containing the patented article.⁶ Most courts have held that a patented article is subject to the marking requirement of § 287(a) as long as there is a tangible item to mark which could provide notice of the patent.⁷ This includes the case where a patent contains both apparatus and method claims.⁸

However, the Federal Circuit has held that the statutory notice provision does not apply to patents containing *only* method or process claims.⁹ This practical exception reflects the reality that where a patent is directed only to a method or process, generally there is no tangible patented item capable of being marked.¹⁰ Although a patented method may sometimes be practiced by use of a tangible item, a patent containing only method claims cannot be examined to determine whether there is a tangible item associated with it that could be marked.¹¹

III. The IMX Decision

In *IMX*, the asserted patent was directed to a method and system for trading loans by placing loan applications for bid by potential lenders.¹² The patented system included a database of pending loan applications and their statuses. IMX, Inc. (“IMX”) asserted that its IMX Exchange software practiced the claims of the patent-in-suit.¹³ This software permits parties to post loan profiles to the database, search those profiles, submit bids on the loan profiles and accept or reject such bids. IMX markets the software to loan brokers and wholesale lenders. From 1997 to 2000, IMX technicians installed the software at the locations of the lender customers and distributed the software by CD-ROM to its broker customers.¹⁴ In early 2000, IMX began making a web-based version of the IMX Exchange software available to customers through its internet website. Customers could access the software by visiting the IMX home page, following links to different sections for different types of users and entering a user name and password.¹⁵

U.S. Patent No. 5,995,947 (“the ‘947 patent”), covering IMX’s software, issued November 30, 1999 and is entitled “Interactive Mortgage and Loan Information and Real-Time Trading System.” In November 2003, IMX filed a patent infringement suit against LendingTree, LLC (“LendingTree”), asserting infringement of the ‘947 patent. LendingTree moved for partial summary judgment to limit damages to those occurring on or after the filing date of the lawsuit because IMX failed to provide actual or constructive notice of the patent.¹⁶ There was no dispute that the CD-ROMS sold by IMX

in 1999 and early 2000 were not marked with the '947 patent. At issue was whether IMX had a duty to mark its website and whether it could collect damages for the period of internet sales starting in 2000.

IMX argued that it had no duty to mark because it was not selling a "patented article" under § 287(a).¹⁷ Rather, IMX contended, the patented invention is a system that facilitates "unique interactivity" to occur remotely over the internet. According to IMX, the patented system consists of two discrete components – the database and the transaction server – neither of which could be physically viewed by the customer at any time.¹⁸ Therefore, IMX argued that marking these components would not serve the public notice function of the marking statute. With respect to its website, IMX argued that it had no duty to mark because the website does not embody any claim of the '947 patent, but is merely the way customers obtain the service IMX provides using its patented method and system.¹⁹ In sum, IMX asserted that its website is not a patented article nor a package containing a patented article and, therefore, not subject to the statutory marking requirement.

The court disagreed and found that IMX had a duty to mark its website. The court noted that the commercial embodiment of the patented invention is accessed and used through the IMX website.²⁰ Because the public accesses the patented invention through the website, marking the website is consistent with the Federal Circuit's interpretation of § 287(a):

Although IMX does not make or sell the computer components through which its patented system is processed, and although the IMX website itself is not the patented invention, nevertheless, consistent with the purpose of § 287(a) as interpreted by the Federal Circuit, the website is intrinsic to the patented system and constitutes a "tangible item to mark by which notice of the asserted method claims can be given" . . . The point of public access to the patented invention of the '947 patent since March 2000 has been through IMX's website; therefore, marking the patent on the website is required.²¹

The court relied on the Federal Circuit's decision in *American Medical Systems v. Medical Engineering Corp.*, which held that, where a patent contains both apparatus and method claims, "to the extent that there is

a tangible item to mark by which notice of the asserted method claims can be given," a patentee has a duty to mark that item.²² The *IMX* court found that the rationale of *American Medical Systems* applied with equal force to tangible items that could provide notice of system claims as it did to items that could provide notice of method claims.²³

Finally, the court rejected IMX's argument that it complied with the marking requirements of § 287(a) by providing access to the '947 patent on two of its websites. The IMX website mentioned that the company had been awarded a patent and provided some description of the patent and a link to the patent.²⁴ The court found that such access to the patent was not adequate notice because IMX did not provide a sufficiently clear nexus between the patent and the patented system. In particular, the websites that mentioned the patent did not specifically refer to the IMX Exchange software product, but instead referred to the IMX Exchange corporate entity or to "patented technology" for a product called the "Private Label for Lenders."²⁵ Accordingly, the court granted LendingTree's motion for partial summary judgment and precluded IMX from recovery of monetary damages prior to the filing date of the lawsuit.

IV. Analysis

The *IMX* court's finding that IMX's website was a "tangible item" under the Federal Circuit's *American Medical Systems* decision, and therefore that it required marking, appears to be a misapplication of that decision. In *American Medical Systems*, the "tangible item" at issue was an article produced by the method of the patent-in-suit.²⁶ The passage of that opinion immediately following the language quoted in *IMX* states:

In this case, both apparatus and method claims of the '765 patent were asserted and there was a physical device *produced by the claimed method* that was capable of being marked. Therefore, we conclude that AMS was required to mark its product pursuant to section 287(a) in order to recover damages under its method claims prior to actual or constructive notice being given to MEC.²⁷

Yet the *IMX* court explicitly acknowledged that the IMX website is *not* the patented invention. *American Medical Systems* does not stand for the proposition that a patentee has a duty to mark *any* tangible article inextricably linked

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to the patented invention. Rather, it held that a tangible article which embodies the claims of a patent - in that case a device produced by the claimed method - *i.e.*, a “patented article” under the statute, must be marked to comply with § 287(a). Thus, IMX’s website is not such a tangible article within the meaning of *American Medical Systems*, and it would not have to be marked under that decision.

However, there is an alternate reading of the *IMX* decision which might comport with § 287(a) and marking case law. As stated above, § 287(a) requires that the patented article be marked, or if the nature of the article makes that unfeasible, that the product packaging be marked. The *IMX* court acknowledged that IMX’s website was not the patented invention, so a reasonable interpretation of the decision is that the court deemed the website through which the patented product is accessed to be the legal equivalent of product packaging, which would require marking under the statute. Indeed, the court found it significant that the website was the “point of public access” to the patented software. To be sure, a user of the IMX Exchange software cannot access the web-based version of the patented product without first viewing the IMX website. Therefore, the website effectively acts as product packaging, and if it were marked, notice of the patent would accompany every sale of the patented invention. Similarly, this linkage of the website with the software could also render it the equivalent of a product insert that accompanies each patented product. The case law indicates that the *IMX* decision could stand on this ground as well.

In *Calmar, Inc. v. Emson Research, Inc.*²⁸, the court indicated that marking the patent number on material that accompanies each individual patented article would satisfy § 287(a). There, the patented pump sprayers at issue were not marked, and the patentee Calmar, Inc. (“Calmar”) admitted that neither the shipping cartons in which the pumps were shipped, nor the labels on the cartons, were marked with the patent number.²⁹ Calmar argued that it satisfied the statutory notice requirement because it provided fact sheets listing the patent number to its customers and prospective customers along with sample pumps. In addition, Calmar occasionally shipped its pumps in cartons containing fact sheets.³⁰ The court found that Calmar failed to comply with the marking requirement as a matter of law because § 287(a) requires either marking the patented article itself “or, at least, including something with the packages in which

the patented articles are shipped which would indicate the article’s patent number.”³¹

Similarly, in *Stryker Corp. v. Intermedics Orthopedics, Inc.*³², the court found the patentee did not comply with section 287(a) because it failed to mark the product packaging and failed to insert something in the packaging to provide notice of the patent. The product at issue in *Stryker* was a surgical implant. Stryker Corp. (“Stryker”) argued that it was unfeasible to mark the actual implant, so it instead placed the patent notice in product literature which was distributed to hospital personnel separately from the implants themselves.³³ The court held this type of constructive notice insufficient as a matter of law. The evidence of record did not show that the product packaging was marked, “[n]or was there any evidence offered at the trial by the plaintiff that . . . other literature containing the patent marking was placed in the packaging of the Omniflex that was distributed to vendors and end-users.”³⁴

Thus, some case law supports the proposition that marking patent notice on materials that are included with each individual patented article, though not on the packaging itself, would satisfy the marking requirement under § 287(a). Conversely, then, where there is tangible material that accompanies each patented article sold and could provide notice of the patent, it might follow that the patentee has a duty to mark such material if marking the product itself is not feasible. According to the *IMX* court, a website that permits access to a patented product is such tangible material, sufficiently analogous to product packaging or a product insert, that must be marked to comply with the marking statute.

V. Conclusion

In view of the *IMX* decision, patentees who offer patented products for sale and download through their websites should take the precaution of marking the websites with notice of the patent. It is also advisable to mark the patented software application itself if possible, so that the patent number appears either during the downloading or installation process or when the user agrees to license the product. Although the *IMX* court’s reasoning that the website was a tangible article under Federal Circuit precedent may be incorrect, the rationale that IMX had a duty to mark because the website is the legal equivalent of product packaging or a product insert appears to be legally sound. Thus, the *IMX* decision establishes that a website through which patented

software or other patented systems may be downloaded is the legal equivalent of product packaging under 35 U.S.C. § 287(a) or a product insert under marking case law. Internet vendors of such software need to be aware that their websites may be deemed virtual product packaging or product inserts and heed the statutory patent marking requirements.

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² 2005 U.S. Dist. LEXIS 33179 (D. Del. Dec. 14, 2005), *motion for reconsideration denied*, 2006 U.S. Dist. LEXIS 551 (D. Del. Jan. 10, 2006).

³ *See Am. Med. Sys. v. Med. Eng'g Corp.*, 6 F.3d 1523, 1538 (Fed. Cir. 1993), *rehearing en banc denied*, 1993 U.S. App. LEXIS 32603 (Fed. Cir. Dec. 6, 1993).

⁴ *See* 35 U.S.C. § 287(a) (2005) (“Patentees, and persons making, offering for sale, or selling within the United States any patented article for or under them...may give notice to the public that the same is patented...In the event of failure to so mark, no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice”).

⁵ *Id.*

⁶ *Id.* (“Patentees, and persons making, offering for sale, or selling within the United States any patented article for or under them...may give notice to the public that the same is patented, either by fixing thereon the word ‘patent’ or the abbreviation ‘pat.’, together with the number of the patent, or when, from the character of the article, this can not be done, by fixing to it, or to the package wherein one or more of them is contained, a label containing the notice”).

⁷ *See supra*, note 3 at 1538-39 (“[w]here the patent contains both apparatus and method claims, however, to the extent that there is a tangible item to mark by which notice of the asserted method claims can be given, a party is obliged to do so if it intends to avail itself of the constructive notice provisions of section 287(a)”).

⁸ *See Devices for Med., Inc. v. Boehl*, 822 F.2d 1062, 1066 (Fed. Cir. 1987) (affirming that the patentee was not entitled to damages due to failure to mark its product where the patent had both product and method claims); *Loral Fairchild Corp. v. Victor Co.*, 906 F. Supp. 813, 816-17 (E.D.N.Y. 1995)

(Rader, Fed. Cir. J., sitting by designation) (holding that “a patentee must mark a product covered by a patent with both method and product claims”); *Soverain Software LLC v. Amazon.com, Inc.*, 383 F. Supp. 2d 904, 2005 U.S. Dist. LEXIS 20273, *10-11 (E.D. Tex. Aug. 8, 2005) (“[w]hen a patent includes both method and apparatus claims, if there is an item that can be marked, a party must mark it to give constructive notice”); *Philips Elec. v. Contec Corp.*, 312 F. Supp. 2d 649, 651-52 (D. Del. 2004) (holding that the patentee failed to provide constructive notice under section 287(a) for the asserted method claims of a patent having both product and method claims where the products were not marked).

⁹ *See Bandag, Inc. v. Gerrard Tire Co.*, 704 F.2d 1578 (Fed. Cir. 1983).

¹⁰ *See supra*, note 6 at 1538 (“the reason that the marking statute does not apply to method claims is that, ordinarily, where the patent claims are directed to only a method or process there is nothing to mark.”).

¹¹ *See State Contracting & Eng'g Corp. v. Condotte America, Inc.*, 346 F.3d 1057, 1074 (Fed. Cir. 2003) (“[w]e have not previously held that a patent containing only method claims is examined to see if something could have been marked in order to assess whether the notice provision applies, and we decline to do so now”).

¹² *See supra*, note 2 at *3-4.

¹³ *Id.* at *4., ¹⁴ *Id.* at *4-5., ¹⁵ *Id.* at *5.

¹⁶ *Id.* at *8., ¹⁷ *Id.* at *9., ¹⁸ *Id.*, ¹⁹ *Id.*, ²⁰ *Id.* at *11.

²¹ *Id.* at *11-12. (internal citations omitted)

²² *See supra*, note 7 at 1538-39.

²³ *See supra*, note 21 at *12, n.4 (“There is no meaningful distinction between a patented method that results in a product that can be marked and a patented system that results in a service implemented through an Internet-based website that can be marked”).

²⁴ *Id.* at *6-7., ²⁵ *Id.* at *13.

²⁶ *See supra*, note 22 at 1539.

²⁷ *Id.* (emphasis added)

²⁸ 850 F. Supp. 861 (C.D. Cal. 1994).

²⁹ *Id.* at 867., ³⁰ *Id.* at 868., ³¹ *Id.*

³² 891 F. Supp. 751 (E.D.N.Y. 1995).

³³ *Id.* at 829-30.

³⁴ *Id.* (citing *Calmar Corp.*)

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"As Time Goes By - Obviousness under the Judicial Microscope"

by Dale Carlson

As our eighty-fifth annual Waldorf-Astoria dinner in honor of the Federal Judiciary approaches, we have an opportunity to reflect on statements made a decade ago, at the seventy-fifth dinner, by two distinguished federal judges. Those statements appear to have a bearing on the current battle being waged between KSR and Teleflex in the Supreme Court over the proper methodology for determining obviousness of a claimed invention.

Back at the time of our seventy-fifth gathering, Marty Goldstein was our Association's President. Marty had the vision, and what he would have been the first to admit as the plain good fortune, to have both Judge Giles Rich and Judge William Conner as speakers before the crowd gathered in the Grand Ballroom that night. Both of those judges are past Presidents of our Association.

When Judge Rich took the podium, he recalled his fond memories of some forty NYIPLA gatherings at the Waldorf, including the gathering at which Judge Learned Hand spoke. He also recalled his contributions to the development of patent law of which he was most proud. Notably, he pointed to his drafting of the statute on nonobviousness embodied in Section 103 of the 1952 Patent Act.

Judge Rich observed that, prior to Section 103's implementation, there existed only "vague and undefinable judge-made law requiring the presence of 'invention'." In other words, to be patentable, an invention had to be an "invention," a rather difficult bit of law to administer."

Judge Rich credited our Association's Committee on Patent Law and Practice, of which he was a member at the time, with conceiving replacing the requirement for "invention" with

a specific nonobviousness provision not present in the judge-made requirement. He praised our Asso-

ciation's Past President Henry Ashton as being "the king-pin in organizing, chairing and managing the bar's participation in the drafting of the new Patent Act..."

When Judge Conner took the podium, he posed a keen rhetorical question: "Can you think of any other instance in legal history where one of the authors of a statute later interprets and applies it, as a judge of a court having exclusive jurisdiction of appeals in all cases involving the statute?" Doubtless the answer is "no".

What does this mean as far as the current controversy relating to the obviousness standard is concerned? It means that a drafter of the obviousness standard played a key role in construing it during decades on the bench of the Federal Circuit and its predecessor court, the CCPA.

This sequential legislative and judicial role, performed by a single individual during the course of his career, is particularly significant when one considers that the Patent Act has no true "legislative history" to turn to. The reason is that the Act passed through Congress by means of a "consent calendar" without debate on the floors of Congress. For some semblance of a legislative history, one can turn to the "Reviser's Notes" about the legislation, prepared retrospectively by the Patent Office's Pat Federico in collaboration with Judge Rich.

In *KSR v. Teleflex*, the Supreme Court is now weighing what role, if any, the Federal Circuit's "teaching, suggestion or motivation" test (the so-called TSM test) should have in an obviousness determination. In a well-reasoned Amicus Brief filed in that case, our Association asserted that the TSM test plays a key role in lending certainty and predictability to the construction of the obviousness standard. Lacking that objectivity, there is an increased risk of hindsight analysis based on a knowledge of the subject invention.

One can hope that the Supreme Court carefully considers our Association's position. One can also hope that the justices carefully consider the contributions of Judge Rich to the development of the TSM test, and the special significance of those contributions in light of the expertise he brought to the bench as co-author of the underlying statute being construed. We should know for sure the view of the high court by the time of our eighty-fifth Waldorf gathering. Hope to see you there!



Dale Carlson, a partner at Wiggin & Dana, serves as the NYIPLA Historian, and as a member of the Board of Directors.

Trademark Dilution Revision Act of 2006 Signed Into Law

by Lora A. Moffatt¹

Signed by President Bush on Friday, October 6, 2006, the Trademark Dilution Revision Act of 2006² protects owners of famous trademarks from uses that dilute or lessen the trademark's distinctive character, establishes a "likelihood of dilution" standard for a dilution claim, and provides for injunctive relief from dilution by blurring or by tarnishment.

The Trademark Dilution Revision Act of 2006 protects famous trademarks from uses that blur their distinctiveness or tarnish their reputation. The Act defines blurring as an "association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark." Dilution by tarnishment, on the other hand, is defined as an "association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark."

The Trademark Dilution Revision Act of 2006 is Congress' response to the ruling of the Supreme Court in *Moseley v. V Secret Catalogue, Inc.*, in which the Court held that the Federal Trademark Dilution Act required proof of actual dilution, rather than likelihood of dilution, and to resolve the split that has arisen in the various Federal Circuit Courts on the issue.

The new Act amends the current anti-dilution statute by expressly allowing injunctive relief and other damages to the owners of famous trademarks who can prove likelihood of dilution, instead of actual dilution. Injunctions should therefore be easier to obtain in the case of similar, but not identical, marks used to identify the source of completely unrelated goods or services.

Congress preserved and clarified the exclusions already in existence in the current anti-dilution statute, i.e., uses of a famous mark that are not actionable as dilution, namely, fair use, including parody; news reporting and news commentary; and any noncommercial use of a mark.

These and other amendments are reflected in the Act as follows:

SEC. 2. DILUTION BY BLURRING; DILUTION BY TARNISHMENT.

"Section 43 of the Trademark Act of 1946 (15 U.S.C. 1125)

is amended by striking subsection (c) and inserting the following:

(c) DILUTION BY BLURRING; DILUTION BY TARNISHMENT.--

(1) INJUNCTIVE RELIEF.--Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

(2) DEFINITIONS.—

(A) For purposes of paragraph (1), a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

- (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.
- (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.
- (iii) The extent of actual recognition of the mark.
- (iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

(B) For purposes of paragraph (1), 'dilution by blurring' is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark. In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following:

- (i) The degree of similarity between the mark or trade name and the famous mark.
- (ii) The degree of inherent or acquired distinctiveness of the famous mark.
- (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.
- (iv) The degree of recognition of the famous mark.
- (v) Whether the user of the mark or trade name intended to create an association with the famous mark.
- (vi) Any actual association between the mark or trade name and the famous mark.

(C) For purposes of paragraph (1), dilution by tarnishment is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.

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(3) **EXCLUSIONS.**--The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with--(i) advertising or promotion that permits consumers to compare goods or services; or (ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

(B) All forms of news reporting and news commentary.

(C) Any noncommercial use of a mark.

(4) **BURDEN OF PROOF.**--In a civil action for trade dress dilution under this Act for trade dress not registered on the principal register, the person who asserts trade dress protection

has the burden of proving that—

(A) the claimed trade dress, taken as a whole, is not functional and is famous; and

(B) if the claimed trade dress includes any mark or marks registered on the principal register, the unregistered matter, taken as a whole, is famous separate and apart from any fame of such registered marks.

(5) **ADDITIONAL REMEDIES.**--In an action brought under this subsection, the owner of the famous mark shall be entitled to injunctive relief as set forth in section 34.

The owner of the famous mark shall also be entitled to the remedies set forth in sections 35(a) and 36, subject to the discretion of the court and the principles of equity if—

(A) the mark or trade name that is likely to cause dilution by blurring or dilution by tarnishment was first used in commerce by the person against whom the injunction is sought after the date of enactment of the Trademark Dilution Revision Act of 2006; and

(B) in a claim arising under this subsection—(i) by reason of dilution by blurring, the person against whom the injunction is sought willfully intended to trade on the recognition of the famous mark; or (ii) by reason of dilution by tarnishment, the person against whom the injunction is sought willfully intended to harm the reputation of the famous mark.

(6) **OWNERSHIP OF VALID REGISTRATION A COMPLETE BAR TO ACTION.**--The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register under this Act shall be a complete bar to an action against that person, with respect to that mark, that—

(A)(i) is brought by another person under the common law or a statute of a State; and (ii) seeks to prevent dilution by blurring or dilution by tarnishment; or

B) asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark, label, or form of advertisement.

(7) **SAVINGS CLAUSE.**--Nothing in this subsection shall be construed to impair, modify, or supersede the applicability of the patent laws of the United States.”; and (2) in subsection (d)(1)(B)(i)(IX), by striking “(c)(1) of section 43” and inserting “(c)”.

SEC. 3. CONFORMING AMENDMENTS.

(a) **MARKS REGISTRABLE ON THE PRINCIPAL REGISTER.**—Section 2(f) of the Trademark Act of 1946 (15 U.S.C. 1052(f)) is amended--(1) by striking the last two sentences; and (2) by adding at the end the following: “A mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 43(c), may be refused registration only pursuant to a proceeding brought under section 13. A registration for a mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 43(c), may be canceled pursuant to a proceeding brought under either section 14 or section 24.”

(b) **OPPOSITION.**--Section 13(a) of the Trademark Act of 1946 (15 U.S.C. 1063(a)) is amended in the first sentence by striking “as a result of dilution” and inserting “the registration of any mark which would be likely to cause dilution by blurring or dilution by tarnishment”.

(c) **CANCELLATION.**--Section 14 of the Trademark Act of 1946 (15 U.S.C. 1064) is amended, in the matter preceding paragraph (1) by striking “, including as a result of dilution under section 43(c),” and inserting “, including as a result of a likelihood of dilution by blurring or dilution by tarnishment under section 43(c)”.

(d) **MARKS FOR THE SUPPLEMENTAL REGISTER.**--The second sentence of section 24 of the Trademark Act of 1946 (15 U.S.C. 1092) is amended to read as follows: “Whenever any person believes that such person is or will be damaged by the registration of a mark on the supplemental register-- (1) for which the effective filing date is after the date on which such person's mark became famous and which would be likely to cause dilution by blurring or dilution by tarnishment under section 43(c); or (2) on grounds other than dilution by blurring or dilution by tarnishment, such person may at any time, upon payment of the prescribed fee and the filing of a petition stating the ground therefor, apply to the Director to cancel such registration.”

(e) **DEFINITIONS.**--Section 45 of the Trademark Act of 1946 (15 U.S.C. 1127) is amended by striking the definition relating to the term “dilution”

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² H.R. 683.

S.D.N.Y. Intellectual Property Rulings Of Note

by Mark J. Abate and Jennifer BianRosa*

RULINGS OF NOTE

Specific Exclusion Principle Applied To Hold Wired Device Not Infringed By “Wireless” Claims

Capital Bridge Co., LTD. v IVL Technologies, LTD.

2006 U.S. Dist. LEXIS 62801

(August 30, 2006)

(Judge Kenneth M. Karas)

Plaintiff Capital Bridge Co. (“Capital”) filed suit against Defendants IVL Technologies, Ltd. (“IVL”), Memcorp, Inc., and Craig Electronics, Inc for infringement of U.S. Patent No. 6,025,553 (“the ‘553 patent”) relating to a wireless, portable, hand-held karaoke device. Users may select songs and music using the device’s keypad and may broadcast their voices along with the music wirelessly to multiple FM receivers tuned to specific stations. The specification states that the device was created to overcome traditional karaoke system disadvantages such as bulkiness, cost, the need for wires, the inability to do karaoke in cars or outdoors, and the inability to amplify performances by multiple receivers in different locations.

The patent contains forty claims, including independent claims 1 and 22, the subject of defendant IVF’s summary judgment motion. Claim 1 recites “[a] portable, self-contained hand-carried music performance device for *wirelessly transmitting* musical accompaniment information stored in a storage medium therein and a voice input from a user, for reception and reproduction by an external receiver and speaker unit.” (Emphasis added). Claim 22 describes “[a] portable, hand-carried music performance device capable of *transmitting wirelessly* both musical accompaniment information stored therein in a storage medium and reproduction by an external speaker unit.” (Emphasis added).

The claim language at issue included “wirelessly transmitting” and “transmitting wirelessly.” The parties agreed that the ordinary and customary meaning of the “wireless” is “without a wire.” The Court determined that the scope of the claims was limited to wireless transmission. The Court noted that each of the dependent

claims relating to the transmission process from the device to the FM receivers referred to transmission through an antenna, which is only necessary for wireless transmission. The Court found that the repeated description in the dependent claims of transmission through an antenna supported a limitation of the scope of the entire patent to wireless transmission. The Court also found support for the limitation in the specification, as the patent claimed an advantage over the prior art based on its use of wires and several instances of transmission by an antenna. In addition, plaintiff added the term “wirelessly” to claim 1 and introduced claim 22 in a final amendment.

As the patent was limited to wireless transmission, the Court found no literal infringement. With respect to the doctrine of equivalents, the Court applied the all elements rule to show that the doctrine was inapplicable. Under the specific exclusion principle, the Court reasoned that the term “wireless” means “without wires” and establishes the absence of wires as structural feature. The triple identity test further supported the Court’s conclusion: an accused device was not substantially similar to the patent in terms of function, way, and result. While wires in the accused device serve a similar function an antenna as claimed by the patent, the Court held that different technology is required and different structures are used. The result is also different as the patent allows users to be mobile. The Court held that there was no infringement under the doctrine of equivalents and granted summary judgment for defendants.

No Trademark Dilution Where Mark Is Not Sufficiently Famous

SMJ Group, INC. v 417 Lafayette Restaurant LLC

2006 U.S. Dist. LEXIS 61645

(August 30, 2006)

(Judge Gerard E. Lynch)

Plaintiffs own two restaurants: Trattoria Dell’Arte and Brooklyn Diner USA. Defendant 417 Lafayette Restaurant LLC (“417 Lafayette”)

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operates Colors Restaurant, an employee-owned restaurant affiliated with the non-profit organization Restaurant Opportunities Center of New York, Inc. (“ROC”) that seeks improved conditions for New York City restaurant workers.

Defendants stationed workers outside Trattoria Dell’Arte and the Brooklyn Diner to hand out leaflets that displayed plaintiffs’ trademarked logo and claimed that plaintiffs’ employees had poor working conditions. Plaintiffs asserted multiple causes of action against defendants including trademark infringement under the Lanham Act, false designation, trademark dilution, deceptive business practices and other state law claims. Defendants moved to dismiss the complaint.

In a prior opinion, the Court held that plaintiffs had shown a likelihood of success on its claims for trademark infringement and false designation under the Lanham Act as the defendants’ caused confusion by its use of plaintiffs’ mark. Defendants’ use of plaintiffs’ marks was not likely to be protected by the First Amendment since it was used as a source identifier on the leaflets.

The Court had denied a preliminary injunction because plaintiffs failed to show a likelihood of irreparable harm, but did not conclude that plaintiffs will be unable to show any harm. The Court held that plaintiffs’ allegation that they suffered harm as a result of defendants’ leafleting was sufficient to defeat defendants’ motion to dismiss.

With respect to the claims of trademark dilution, plaintiffs must show: “(1) that their marks are famous, (2) that defendants’ use of their marks is ‘commercial use in commerce,’ (3) that plaintiffs’ marks were famous before defendants began using them, and (4) that defendants’ use of the marks ‘dilutes the quality’ of the marks” under the Lanham Act.” (Citing *Savin Corp. v. Savin Group*, 391 F.3d 439, 448-49 (2d Cir. 2004)). Under New York law, plaintiffs must show “(1) that they possess distinctive [acquired secondary meaning or inherently distinctive] trademarks, and (2) that defendants’ use of those trademarks results in a likelihood of dilution.” (Citing *New York Stock Exch., Inc. v. New York, New York Hotel, LLC*, 293 F.3d 550, 557 (2d Cir. 2002)).

The Lanham Act requires marks to have “a substantial degree of fame” in order to be protected. A mark is not required to be famous under the New York statute, only that it “possess a distinctive quality capable of dilution” which the Southern District of New York has concluded closely resembles the standards for fame under the Lanham Act. Plaintiffs alleged that their marks are “widely recognized by customers as being associated with the high quality dining experience offered by” plaintiffs and they have “become uniquely associated with” their restaurants. Plaintiffs also argued that its continuous use

of the Marks over a number of years which generated millions of dollars in business is “such that the Marks became uniquely associated with plaintiffs’ high-quality service.” The Court stated that recognition of the Marks by customers of the restaurant does not establish the level of fame or distinctiveness as required by the Lanham Act or New York law. The Court dismissed plaintiffs’ dilution claims because the continuity of use, level of sales, or customer association did not establish the requisite level of distinctiveness in the general public.

The Court denied defendants’ motion to dismiss plaintiffs’ claims of injurious falsehood, unfair competition, and tortious interference with prospective business. The Court also granted defendants’ motion with respect to plaintiffs’ claims of deceptive trade practices.

Summary Judgment Awarded

Elbex Video, LTD. v. Sensormatic Elecs. Corp.

2006 U.S. Dist. LEXIS 64360

(September 7, 2006)

(Judge Richard Owen)

Plaintiff Elbex Video (“Elbex”) sued defendant Sensormatic Electronics (“Sensormatic”) alleging infringement of its patent, U.S. Pat. No. 4,989,085 (“the ‘085 patent”) and moved for summary judgment. The ‘085 patent discloses a system used during the operation of a multi-camera Closed Circuit Television (CCTV) system that does not allow the operator to move a camera other than the one displayed on his monitor. The patent describes three steps “(1) the camera in use generates and transmits to the controller both a video signal and a ‘first code signal’ that is unique to that particular camera; (2) the controller generates ‘second code signals’ corresponding to the ‘first code signals,’ and sends them back to the camera, along with the signals/commands for controlling the movement of the camera; and (3) the camera checks to determine whether the ‘second code signal’ coincides with a code allotted to that camera, and executes the control signal command *only* if the codes are the same.”

In Sensormatic’s CCTV systems a controller sends a command including the correct address for the camera, based on how the camera is connected to the controller. The cameras are connected by cable to the “video input” connector of the controller. The controller itself generates the address for the connected camera based on the number of the video input number. Addresses are also manually set adjusting a set of three “thumbwheel address” switches on the camera housing. The operator uses the video input number to call the camera and the controller to send a command to that camera in order to move it.

The camera only responds to commands whose address corresponds to the manually set thumbwheel address on the camera. Sensormatic's cameras never send any code to a monitor, but may send the thumbwheel addresses to the controller as an acknowledgment or notification, but not as the basis for a command or address.

The controllers in Sensormatic's CCTV systems lack the "second code signal" that "corresponds" to a "first code signal" that the camera generates and sends, as required by claim 1. Sensormatic's controllers use the video input numbers, above, to address the cameras. Since the video input numbers are dependent on the installation of the camera, Sensormatic's CCTV systems are still subject to the problem addressed in the '085 patent - that an operator could "make an error in operating a camera because the only camera he can operate and control is the displayed camera at the time of control" if the installation or manual operation is not performed properly.

During the prosecution of the '085 patent, the term "receiving means" in claim 1 was limited to situations where the first code signal is sent "from the camera to the monitor of the receiving means." Sensormatic's cameras never send any code signal to a monitor. The Court concluded then that as a matter of law, Sensormatic cannot infringe Claim 1 of the '085 patent and was entitled to summary judgment on that claim, and claims depending from it.

Attorneys Fees Awarded For Baseless Paragraph IV Certification

Takeda Chem. Indus. v. Mylan Labs.

2006 U.S. Dist. LEXIS 66990

(September 20, 2006)

(Judge Denise Cote)

Plaintiff Takeda Pharmaceutical Company, Ltd. ("Takeda") is the owner of U.S. Patent No. U.S. Patent No. 4,687,777 directed to pioglitazone, a drug used in the treatment of diabetes. Defendants Alphapharm and Mylan, two generic drug companies, both filed an Abbreviated New Drug Application ("ANDA") to make a generic form of pioglitazone. The ANDA requires applicants to make a certification pursuant to 21 U.S.C. § 355(j)(2)(A)(vii) ("Paragraph IV"), regarding patents that protect the drug to be copied. The validity of the '777 patent was challenged under the Hatch-Waxman Act in defendants' Paragraph IV certifications. Judgment was entered for Takeda, who moved for an award of attorneys' fees against both defendants, arguing that the defendants lacked a good faith basis for their Paragraph IV certification.

Defendant Alphapharm asserted invalidity of the '777 patent for obviousness in its certification, and later

revised this theory. Alphapharm obtained two opinions of counsel regarding the '777 patent which it was precluded from relying at trial as Alphapharm did not disclose any reliance on advice of counsel before the deadline set by the Court. In addition, Alphapharm did not identify one of the opinions in a privilege log in response to Takeda's requests for documents, providing an independent basis for its exclusion. Alphapharm was not entitled to rely on the second opinion which was performed by the same type of scientist as Takeda's expert, whose testimony Alphapharm successfully moved to strike.

The Court noted that Alphapharm's Paragraph IV statement contained errors and arguments that Alphapharm abandoned by the time of trial, because they could not be supported. Alphapharm contended that "prior art compound (b) was a lead compound warranting further investigation or optimization, and that the application of two, obvious chemical processes (homologation and "walking the ring") to that compound would have led to the discovery of pioglitazone." Alphapharm was unable to explain how the prior art would lead to the identification of compound (b) as a lead compound, and relied on prior art that taught away from this conclusion. Alphapharm relied on hindsight to identify the "lead" compound that the lead reference taught away from. The Court also criticized Alphapharm's Paragraph IV statement that pioglitazone was not shown to be superior to alternatives in the '777 patent as baseless since pioglitazone was far less toxic than any of the alternatives, and thus clearly superior. Alphapharm continued to change its position on obviousness throughout the course of the trial. The Court awarded Takeda attorneys' fees and held that Alphapharm's Paragraph IV statement was "so devoid of merit as to be baseless" when viewed in totality.

Defendant Mylan obtained an opinion of counsel on the '777 patent days before it filed its ANDA. Mylan delayed discovery with respect to its theory of obviousness and, after the Court ordered the discovery, abandoned it in favor of a new theory of obviousness. Mylan also asserted a theory of inequitable conduct before the Patent and Trademark Office ("PTO"). Mylan was unable to show any evidence of wrongful intent by Takeda in procuring the patent. The Court commented on the "powerful, irrefutable evidence that Takeda acted with complete integrity in its dealings with the PTO" and granted an award of attorneys' fees against Mylan.



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APPELLATE AND DISTRICT COURT PROCEDURAL RULINGS OF NOTE¹

By Eric J. Lobenfeld & Arun Chandra*

Federal Circuit Enunciates Standard for Determining Arbitrability of a Patent Dispute **Qualcomm Inc. v. Nokia Corp.**

(Fed. Cir. Oct. 20, 2006)

(Circuit Judges Alvin A. Schall and Sharon Prost; Circuit Judge Pauline Newman, dissenting)

Nokia manufactures wireless telephone handsets and telecommunications infrastructural equipment used by wireless carriers. In July 2001, Qualcomm and Nokia entered into a “Subscriber Unit and Infrastructure Equipment License Agreement” (the “2001 Agreement”) in which Qualcomm granted Nokia a non-exclusive license to some of its patents covering the Code Division Multiple Access standard (“CDMA”). The 2001 Agreement contained an arbitration clause which covered “[a]ny dispute, claim or controversy arising out of or relating to this Agreement, or the breach or validity hereof” and required any such dispute to “be settled by arbitration in accordance with the arbitration rules of the American Arbitration Association (the ‘AAA Rules’).”

In November 2005, Qualcomm sued Nokia for patent infringement, asserting that Nokia’s GSM products infringed twelve of its patents. Thereafter, Nokia filed an Arbitration Demand against Qualcomm, asking that the arbitrator resolve two issues: (1) whether Qualcomm was estopped from asserting its patents based on alleged misleading conduct causing Nokia to believe that Qualcomm did not hold patents it intended to assert against Nokia’s GSM products, and (2) whether Nokia had a valid and enforceable license to incorporate CDMA technology in its products under the 2001 Agreement. Nokia also moved to stay the district court action, pursuant to Section 3 of the Federal Arbitration Act (the “FAA”). The district court denied Nokia’s motion to stay, finding that

[t]he estoppel . . . defense[] is not in the instant case. The instant case involves allegations that Nokia infringed twelve patents in suit. The products that are listed in the complaint are non-CDMA products. As such, the Court finds that the patent infringement issues in the instant action are not even remotely connected to the 2001 Agreement that deals with CDMA products and are not referable to arbitration. Therefore, the Court is not satisfied under 9 U.S.C. § 3 that the issues involved in the instant case are referable to arbitration

On appeal, the Federal Circuit began its review by noting that under the FAA, “if a district court is ‘satis-

fied’ that the issue involved in the suit is arbitrable, then it must stay the trial of the action.” In this case the issue was “how to reconcile an agreement to delegate arbitrability decisions to an arbitrator in accordance with the language of section 3 of the FAA, which specifies that the district court be ‘satisfied’ as to the arbitrability of an issue before ordering a stay.”

The Federal Circuit noted that to be “satisfied” of an issue’s arbitrability, the district court should first inquire as to who has the primary power to decide arbitrability under the parties’ agreement. If the court concludes that “the parties did not clearly and unmistakably intend to delegate arbitrability decisions to an arbitrator, the general rule that the ‘question of arbitrability . . . is . . . for judicial determination’ applies and the court should undertake a full arbitrability inquiry to determine whether the issue involved is referable to arbitration.” (quoting *AT&T Techs., Inc. v. Commc’ns Workers of Am.*, 475 U.S. 643, 649 (1986)). On the other hand, if the court concludes that the parties did clearly and unmistakably “intend to delegate the power to decide arbitrability to an arbitrator, then the court should perform a second, more limited inquiry to determine whether the assertion of arbitrability is ‘wholly groundless.’” Only if the court finds that the assertion of arbitrability is not “wholly groundless,” should it stay the trial of the action pending a ruling on arbitrability by an arbitrator.

To determine whether the parties clearly and unmistakably intended to delegate the power to decide arbitrability to an arbitrator, the court examined the language of the 2001 Agreement which stated that any dispute arising out of the agreement was to be settled by arbitration in accordance with the AAA rules. In turn, Article 15 of the AAA Rules provides that “[t]he tribunal shall have the power to rule on its own jurisdiction, including any objections with respect to the existence, scope or validity of the arbitration agreement.” Thus, reading the 2001 Agreement in light of Article 15 of the AAA Rules, the Federal Circuit concluded that the parties’ clear and unmistakable intent was to delegate arbitrability decisions to an arbitrator. Therefore, the next (and final) inquiry was whether Nokia’s assertions of arbitrability for the particular issues it raised were “wholly groundless.”

Although the 2001 Agreement contained a broad arbitration clause, which included “[a]ny dispute, claim or controversy arising out of or relating to this Agreement, or the breach or validity hereof,” and Nokia’s estoppel defense was based on events that transpired during the negotiations surrounding the 2001 Agreement, the district court had not applied the “wholly groundless” test to the Nokia defenses.

Therefore, the Federal Circuit remanded the case back to the district court with the following instruction:

On remand, in undertaking the “wholly groundless” inquiry, the district court should look to the scope of the arbitration clause and the precise issues that the moving party asserts are subject to arbitration. Because any inquiry beyond a “wholly groundless” test would invade the province of the arbitrator, whose arbitrability judgment the parties agreed to abide by in the 2001 Agreement, the district court need not, and should not, determine whether Nokia’s defenses are in fact arbitrable. If the assertion of arbitrability is not “wholly groundless,” the district court should conclude that it is “satisfied” pursuant to section 3.

Circuit Judge Newman dissented, merely stating that she “would affirm the judgment of the district court.”

Federal Circuit Clarifies Scope of Privilege Waiver in Patent Cases

In re EchoStar Communications Corporation

(Fed. Cir. May 1, 2006)

(Circuit Judges Alvin A. Schall, Arthur J. Gajarsa and Sharon Prost)

EchoStar Communications (“EchoStar”) petitioned the Federal Circuit for a writ of mandamus to direct the District Court for the Eastern District of Texas to vacate its orders compelling EchoStar to produce documents created by its attorneys.

TiVo sued EchoStar for infringement of its patent related to a multimedia time warping system which allows the user to store selected television broadcast programs while the user is simultaneously watching or reviewing another program. To defend against charges of willful infringement, EchoStar asserted the defense of reliance on advice of counsel. In fact, prior to the lawsuit, EchoStar relied on advice of its in-house counsel; after the lawsuit was commenced, however, EchoStar obtained additional legal advice from Merchant & Gould (*i.e.*, its litigation counsel) but elected not to rely on it. To explore EchoStar’s state of mind in determining that it did not infringe the patent, TiVo sought production of documents from both EchoStar as well as Merchant & Gould. In turn, the district court held that by relying on advice of its in-house counsel, EchoStar waived attorney-client privilege and attorney work-product immunity relating to advice of all counsel, including Merchant & Gould. Further, the scope of the waiver included communications made both before and after the lawsuit commenced, and included Merchant & Gould’s work product that was not communicated to EchoStar.

The Federal Circuit began its analysis by noting that it would apply its own law, rather than the law of the regional circuit, because “Federal Circuit law applies when deciding whether particular written or other materials are discoverable in a patent case, if those materials relate to an issue of substantive patent law.” (quoting *Advanced Cardiovascular Sys. v. Medtronic, Inc.*, 265 F.3d 1294, 1307 (Fed. Cir. 2001)). Here, the “remedy for willful patent infringement is specifically provided for in the Patent Act,” and therefore “questions of privilege and discoverability that arise from assertion of the advice-of-counsel defense necessarily involve issues of substantive patent law.”

With respect to the issue of attorney-client privilege, the court noted that the “privilege protects disclosure of communications between a client and his attorney.” However, “[o]nce a party announces that it will rely on advice of counsel, for example, in response to an assertion of willful infringement, the attorney-client privilege is waived.” Thus, even an opinion by a company’s in-house counsel which is conveyed to the company management, although not a traditional opinion of counsel, constitutes a legal opinion. This is so because, regardless of “[w]hether counsel is employed by the client or hired by outside contract, the offered advice or opinion is advice of counsel or an opinion of counsel. Use of in-house counsel may affect the strength of the defense, but it does not affect the legal nature of the advice.”

Next, the Federal Circuit dealt with the issue of EchoStar’s waiver of its attorney work-product. The panel noted that the “attorney-client privilege and the work-product doctrine, though related, are two distinct concepts and waiver of one does not necessarily waive the other.” For example, “[t]he client can waive the attorney-client privilege when, for instance, it uses the advice to establish a defense,” while “the work-product doctrine, or work-product immunity as it is also called, can protect ‘documents and tangible things’ prepared in anticipation of litigation that are both non-privileged and relevant.” Said differently, “[u]nlike the attorney-client privilege, which protects all communication whether written or oral, work-product immunity protects documents and tangible things, such as memorandums, letters, and e-mails.”

The work-product doctrine is not absolute, however. For example, a “party may discover certain types of work product [from their adversary] if they have ‘substantial need of the materials in the preparation of the party’s case and that the party is unable without undue hardship to obtain the substantial equivalent . . . by other means.’” (quoting Fed. R. Civ. P. 26(b)(3)). However, only discovery of factual or non-opinion work product may be had,

cont. on page 26

and courts must “protect against the disclosure of the mental impressions, conclusions, opinions, or legal theories of an attorney or other representative.” (quoting Fed. R. Civ. P. 26(b)(3)). A party may also obtain discovery if the adversary waives its immunity, but the discovery is limited to factual or non-opinion work product concerning the same subject matter as that disclosed.

Next, the court discussed the three categories of work-product potentially impacted by the advice-of-counsel defense. First, “when a party relies on the advice-of-counsel as a defense to willful infringement the party waives its attorney-client privilege for all communications between the attorney and client, including any documentary communications such as opinion letters and memoranda.” In this case, the waiver extends to all “documents that embody a communication between the attorney and client concerning the subject matter of the case, such as a traditional opinion letter.” In contrast, waiver does not extend to “documents analyzing the law, facts, trial strategy, and so forth that reflect the attorney’s mental impressions but were not given to the client.” For example, “if a legal opinion or mental impression was never communicated to the client, then it provides little if any assistance to the court in determining whether the accused knew it was infringing, and any relative value is outweighed by the policies supporting the work-product doctrine.” Between these two extremes is a third category which includes “documents that discuss a communication between attorney and client concerning the subject matter of the case but are not themselves communications to or from the client.” Such documents include those “in the attorney’s file that reference and/or describe a communication between the attorney and client, but were not themselves actually communicated to the client.” While such documents are not communications with the client nor make a substantive reference to what was communicated, they “will aid the parties in determining what communications were made to the client and protect against intentional or unintentional withholding of attorney-client communications from the court.” At the same time, it should be noted that where these documents contain legal analysis that was not communicated to the client, “the parties should take special care to redact such information, and if necessary the district court may review such material in camera.”

Based on these principles, the Federal Circuit concluded that the scope of the waiver would not extend to those Merchant & Gould documents which were neither communicated to EchoStar nor referenced a communication between Merchant & Gould and EchoStar. As for the rest of the documents, there was a complete waiver.

Plaintiff Need Not Correlate Information Produced Electronically to Particular Document Requests

Eastman Kodak Co. v. Sony Corp.

(W.D.N.Y. July 20, 2006)

(Judge Michael A. Telesca)

In a patent litigation involving two of the largest imaging companies, Sony moved to compel Kodak to more specifically correlate documents produced electronically in response to Sony’s document requests. The court appointed a Special Master to resolve the discovery dispute, and he recommended that Sony’s motion be denied.

Sony objected to the Special Master’s report, and asked the court to direct Kodak to produce the documents in the form requested. Sony argued that if the Special Master’s report were allowed to stand, Sony would be deprived of due process because it was virtually impossible to find relevant documents “hidden” in the electronic equivalent of approximately 300 million pages of produced documents. The court disagreed.

In response to Sony’s motion, Kodak noted that it had produced the requested documents in the manner in which they were kept. The district court found such a production to be sufficient under Rule 34(b) of the Federal Rules of Civil Procedure, which requires

A party who produces documents for inspection shall produce them as they are kept in the usual course of business or shall organize and label them to correspond with the categories in the request.

Sony argued that Kodak should not be allowed to produce its documents as kept in the normal course of business because there was insufficient indexing of the documents to permit reasonable discovery of relevant documents, and, as a result, Kodak had impermissibly shifted the burden of discovery from itself to Sony. The court found this argument unpersuasive for two reasons:

First, the Special Master himself actually used the disputed server to conduct searches for information, and found that the information “seemed to be arranged in a useable manner.” . . . Second, Kodak [had] represented that it [had] no better way of accessing and organizing the information contained on the server than [did] Sony. Because the information produced [was] responsive to Sony’s document requests; [had] been produced in the form in which it was kept; [had] been produced in an accessible form; and because Kodak [was] in no better position to correlate the information to Sony’s requests than [was] Sony, I deny Sony’s motion to compel.

The court acknowledged that its ruling would require Sony to expend a “substantial amount of time and effort . . . to sort through the information produced.” However, because the case involved “[b]illions of dollars of sales,” it was not a surprise to expect that discovery would “involve substantial time, effort, and expense.”

¹ The following discussion is limited to federal civil practice issues; no discussion of the substantive law is provided unless necessary for the understanding of procedural issues.

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U.S. BAR/EUROPEAN PATENT OFFICE LIAISON COUNCIL MEETING

Berlin, Germany – September 15, 2006

By Samson Helfgott¹

The Twenty Second Annual meeting of the U.S. Bar/European Patent Office (“EPO”) Liaison Council commenced in Berlin, Germany on September 15, 2006. The Council is an organization including representatives of U.S. National and Regional Intellectual Property Bar Associations meeting annually with the heads of the European Patent Office. As U.S. applicants are the greatest single country of origin for using the EPC, the EPO is very sensitive to issues raised by U.S. applicants. The purpose of the Council is to bring to the attention to EPO officials any problems and recommendations which U.S. applicants have for improving use of the EPO. This Council is very highly regarded by the EPO.

Samson Helfgott served as the NYIPLA representative at this meeting. The EPO was represented by President Alain Pompidou, Vice President Pantelis Kyriakides and various directors, examiners and lawyers representing various European Patent Directorates.

I. OPERATIONS

During 2005, almost 194,000 European Union patent applications were filed, an increase of 7.2% from 2004. This rise continued so that by the end of June 2006, there had been a 6.6% increase in filings over the corresponding six months of 2005. The number of filings was approximately 2.8% more than expected. This continued rise is indicative of the intense patenting activity that is going on both throughout Europe and the rest of the world.

Filing growth was apparent both for European direct applications as well as for those filed through the PCT. Although direct European filings rose by only 3.8%, European patent filings via the PCT route increased by 8.8%. Of the applications filed in 2005, 49% came from the EPC Contracting States, 25.4% from the USA and 16.7% from Japan.

An increasing number of European patent applications are being filed on-line. In 2005, 23.4% of direct European filings came via the Internet compared to 13.8% the year before.

While the number of searches completed during 2005 increased, the number of requests for examination decreased mainly as a result of the decline of the num-

ber of demands for international preliminary examination under the PCT.

The number of patents granted during 2005 was less than that in 2004. However, significantly, since its foundation, the EPO has granted 760,700 European patents which represent the equivalent of 6.3 million national patents.

The EPO continued with its efforts to keep pendency times within acceptable limits. The average time taken to grant a patent in 2005 was 45.3 months, slightly less than the year before.

The opposition rate continues to be low with the opposition rate being 5.4% during 2005.

As a result of the rising demand for European patents and the growing complexity of the applications filed, quality assurance in the grant procedure is increasing in importance. In response, the EPO management took steps to set up a Quality Management System (QMS) for search and examination. Integration of this directorate within the rest of the operations continue.

In response to an increased workload, two new Boards of Appeal were established in 2005, one in the field of chemistry and one in the field of electricity. Thus, 24 Technical Boards of Appeal are currently active.

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In 2005, the EPO Boards of Appeal received an increase of 9.8% cases over that in 2004 and settled a slightly higher number of appeal cases than the year before.

II. INTERNATIONAL AND LEGAL AFFAIRS

With the accession of Latvia in July 2005, the EPO now has thirty one Member States plus five additional Extension States. European Patent Convention (“EPC”) ratification proceedings are in progress in Malta which is likely to accede before the end of 2006 and in other countries such as Norway, which is expected to follow in the next few years.

On December 13, 2005, Greece became the 15th state to deposit its instrument of ratification of the EPC 2000. EPC 2000 is a revision to the European Patent Convention providing both administrative and substantive changes. Some of these include the ability to patent a second medical use, automatic designation of all states of the EPO, clarification on interpretation of scope of claims and other changes. This now means that the EPC 2000 will enter into force no later than December 13, 2007.

Once EPC 2000 goes into effect, a number of procedural and some substantive changes will go into effect. It is to be noted that any Contracting State which does not accept the EPC 2000, will no longer be a member of the EPC. However it is anticipated that by then all of the Contracting States will be accepting these changes.

The Strategy Debate which occurred within the Administrative Council during 2004 with a view to exploring ways to improve cooperation between the national patent offices and the EPO, continued throughout 2005. In June 2005, the Administrative Council approved five elements of the European Patent Network.

The first of these elements is the detailed design of a pilot project on the utilization of work results that shall be launched in January 2007. Utilization would mean that the work done by an NPO which would form part of the future European Patent Network on a national first filing would be utilized by EPO examiners in a non-binding, neutral way in subsequent filings for European patents claiming priority from the national first filing. EPO examiners would retain the discretion to decide on the extent of the utilization of the NPO work on a case-by-case basis.

The second element is the setting up of a European Quality System aimed at providing the foundation for the improvement of trust in the quality of work performed by offices in Europe. The third element would empower NPOs to carry out specific non-grant related tasks that are currently done by the EPO. To this end, a series of pilot projects on re-classification, special searches, translations and research and non-patent literature are provided for. The fourth element focuses on the cooperation policies between the EPO

and the NPOs. Finally, the fifth element entails an analysis of how the European patent system should best deal with its future workload.

Following a Consultation conducted by the Commission of the European Union during the beginning of 2006, it became evident that the Users were not interested in the further development of the Community Patent essentially as a result of the difficulty with the many translations that would be necessitated through the use of such Community Patent.

However, it was clear that Users were interested in concluding the London Agreement and moving forward with the European Patent Litigation Agreement.

With respect to the London Agreement, to date seven Contracting States have ratified, including Germany and the UK. Both Denmark and Sweden have taken steps as such that implementation will take place within 2006. Therefore, to enter into force, entry hinges on ratification by France.

The European Patent Litigation Agreement (EPLA) already has a draft text for submission to an Intergovernmental Conference, which would unify litigation of European patents within Europe. It would provide for a central division and regional divisions located in the Participating States. With renewed interest, the European Union has indicated that the Commission will further explore the possibilities of moving forward on this project.

With respect to international harmonization of patent laws, progress appears to be proceeding within the Group B+ Working Group. After numerous meetings focusing on a “reduced package”, the Chair of the Group B+ Working Group has submitted a compromise proposal to the Group B+ which will form the basis for work at a plenary session of the Group B+ to be held at the end of September 2006 in Geneva.

Within the Trilateral, the USPTO and EPO concluded a Bilateral Agreement on the electronic exchange of priority documents which is in the process of being implemented by the two offices.

Other important projects within the Trilateral Cooperation include drawing up a common patent application format to be used by applicants for all Trilateral Offices and the assessment of whether the scope of the Import Guidelines should be broadened.

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October 25, 2006 CLE Luncheon Program

TOPIC: THE KSR SUPREME COURT CASE AND THE STANDARD OF OBVIOUSNESS

CLE PROGRAMS

On October 25, 2006, the NYIPLA held a CLE luncheon meeting at the Princeton/Columbia Club to discuss the *KSR International Co. v. Teleflex Inc.* case dealing with the standard of obviousness under 35 U.S.C. § 103(a). This case is now pending before the United States Supreme Court, with oral arguments scheduled for November 28, 2006.

The Panelists included James Dabney, Esq., Fried, Frank, Harris, Shriver & Jacobson LLP, the Petitioner’s Attorney; Thomas Goldstein, Esq., Akin Gump Strauss Hauer & Feld LLP, the Respondent’s Attorney; Marian Underweiser, Esq., IBM In-House Counsel; and Rochelle Seide, Esq., Partner, Arent Fox. The meeting was moderated by Peter G. Thurlow, Esq., Jones Day, Chairperson of the NYIPLA Meetings and Forums Committee.

The question presented before the Court is whether the Federal Circuit erred in holding that a claimed invention cannot be held “obvious,” and thus unpatentable under 35 U.S.C. § 103(a), in the absence of some proven “teaching, suggestion, or motivation” that would have led a person of ordinary skill in the art to combine the relevant prior art teachings in the manner claimed.

Each one of the panelists discussed the existing “suggestion” test and what the appropriate standard under Section 103(a) should be. Mr. Dabney is urging the Court to overrule the Federal Circuit’s existing “suggestion” test precedent because the test severely

limits a court’s authority to deem subject matter “obvious” and thus unpatentable under Section 103(a). Mr. Dabney discussed the history of limiting patents to “non-obvious subject matter,” dating back to 1851 and the famous *Hotchkiss v. Greenwood* (52 U.S. 248) Supreme Court case. Mr. Dabney also discussed Section 103 as codified in 1952 and the Court’s *Graham v. John Deere Co.* (383 U.S. 1) decision in 1966. Mr. Dabney noted that limiting patent protection to “non-obvious subject matter” tends to increase the value of patents for meritorious inventions by limiting opportunities for potential rivals to

appropriate and patent trivial adaptations of a first comer’s patented technology.

Mr. Goldstein is requesting that the Court affirm the Federal Circuit’s existing “suggestion” test, noting that the settled “suggestion” test properly focuses on the inventive choice – i.e., on whether there is any indication that the practitioner, in fact, would have had any reason to select the elements of the invention from the prior art and combine them in the manner specified by the invention. Mr. Goldstein pointed out that the evidence of the suggestion need not be extensive and its source may be found literally anywhere, particularly in the factors that the Court identified in *Graham*.

Ms. Underweiser discussed IBM’s interest in establishing clear rules for a workable patent system that will provide increased certainty about the scope and validity of patent rights for patent owners and for members of the public. IBM’s brief amicus curiae, Ms. Underweiser noted, asserts that the Federal Circuit’s current application of the “suggestion” test is contrary to statute and sound patent policy. Ms. Underweiser discussed that IBM’s brief proposes an alternative approach, different from the Petitioner’s and Respondent’s brief, to modify the current Federal Circuit “suggestion” test by applying a rebuttable

presumption that a person of ordinary skill in the art would have been motivated to combine existing prior art references that are within the analogous art.

Ms. Seide discussed the brief amicus curiae submitted in support of Respondents by the NYIPLA. Ms. Seide noted that the NYIPLA has a particularly strong interest in the meaning and application of Section 103 because a

past president of the Association, Judge Giles S. Rich, had a significant involvement in the drafting of the statute. In particular, Ms. Seide noted that Judge Rich co-authored Section 103 and spoke on behalf of the NYIPLA before Congress and the legal community to educate and champion the purpose and application of the Section. Ms. Seide also noted that the existing “suggestion” test is flexible and allows judges and patent examiners to reject obvious inventions while protecting inventors from the invalidation of their patent claims based on nothing more than the inventor’s own disclosure of his invention.



Left to Right: Thomas Goldstein, Rochelle Seide, James Dabney, Marian Underweiser and Peter Thurlow.

Meetings Of The Board Of Directors

Minutes Of March 15, 2006

The meeting of the Board of Directors and Committee Chairs was called to order at the Princeton/Columbia Club at 12:30 p.m. by President Ed Vassallo.

Marylee Jenkins, Anthony Giaccio, Mark. J. Abate, Dale L. Carlson, Vincent N. Palladino, Karl F. Milde, Jr., Philip T. Shannon and W. Edward Bailey were present.

At the Board meeting, the minutes of the Board of Directors' Meeting held on February 15, 2006 were approved.

Mr. Vassallo provided the Treasurer's Report. The Association's finances are sound and consistent with prior years.

Mr. Giaccio reported on the CLE program on the day of the Judges' Dinner. The program includes judges of Federal Circuit and district courts. In addition to the judges on the program, 11 judges have registered to attend the program and there will be a reception before the program to allow attendees to speak to the judges. 137 persons have registered to attend the program.

Mr. Abate reported on the arrangements for the Judges' Dinner. A detailed report on the Judges' Dinner from Michael Isaacs of Star Consulting was circulated to the Board before the meeting. In sum, all plans for the Dinner are going smoothly. Mr. Isaacs missed the Board meeting to attend a meeting at the Waldorf-Astoria concerning preparations for the Dinner. 3,304 persons have registered to attend the Dinner, including 163 honored guests. Judge McLaughlin of the Second Circuit is the Outstanding Public Service Award recipient. 28 congratulatory notices have been purchased. Scott Turow, the noted author, will be the speaker. Arrangements have been made to alleviate congestion at the elevators.

Ms. Jenkins reported that the CLE Committee is making arrangements to co-sponsor a program with the AIPLA on proposed Patent Office rule changes on April 7. Mr. Vassallo

reported that the Trademark Committee will be asked to comment on proposed changes to Trademark Office rules.

Mr. Abate reported the activities of the Committee on Legislative Oversight And Amicus Briefs. The Committee recommended filing a brief in the Medimmune case relating to declaratory judgment jurisdiction in cases brought by patent licensees. The Board approved preparation of a brief in support of the Federal Circuit's case law that a licensee must revoke or breach a license before bringing a declaratory judgment for patent invalidity or non-infringement.

Mr. Vassallo reported that we have yet to receive comments on the local rules in patent drafted by the Adhoc Committee which Chief Judge Mukasey of the Southern District of New York forwarded to the Rules Committee and to Senior Judge Conner. Mr. Abate also reported on Mr. Baker's discussions with legislative consultant Hayden Gregory. Based on that discussion, the Board postponed consideration of retaining Mr. Gregory. Instead of creating a new committee on legislative issues, the Board decided to refer legislative matters of interest to the relevant committees for further studying as needed.

Mr. Abate also reported that the Association has invited the Federal Circuit to sit in New York City. Mr. Abate spoke to a deputy clerk at the Federal Circuit and exchanged messages with Jan Horbaly, Circuit Executive of the Federal Circuit. Messrs. Abate and Giaccio will follow-up and involve the Patent Litigation Committee in this effort.

Finally, the Board generally discussed issues surrounding continuation of the contract with Star Consulting. After the Judges' Dinner, Mr. Vassallo will ask Mr. Isaacs for a proposal for the 2006-07 Association year.

The meeting was adjourned at 1:30 p.m.

The next meeting of the Board is scheduled for Wednesday, April 19, 2006 at Noon at the Princeton/Columbia Club.

Minutes Of April 19, 2006

The meeting of the Board of Directors was called to order at the Princeton/Columbia Club at 12:30 p.m. by President Ed Vassallo.

Marylee Jenkins, Anthony Giaccio, John E. Daniel, Mark. J. Abate, John D. Murnane, Daniel A. DeVito, Dale L. Carlson, Philip T. Shannon and W. Edward Bailey were present. Also present were Committee Chairs Peter Thurlow and Richard Erwine and Michael Isaacs of Star Consulting.

At the Board meeting, the minutes of the Board of Directors' Meeting held on March 15, 2006 were approved.

Mr. Daniel provided the Treasurer's Report. The Association's finances are sound and consistent with prior years. Mr. Daniel noted that the Association's membership is down by 77 members and that the last time the Association's dues were increased was 5 years ago. At the next meeting, the Board will consider the appropriate dues for the 2006-2007 Association year.

Mr. Vassallo reported the activities of the Committee on Legislative Oversight And Amicus Briefs. The Committee is working on a brief for filing in the Medimmune case relating to declaratory judgment jurisdiction in cases brought by patent licensees. The Board previously approved preparation of a brief in support of the Federal Circuit's case law that a licensee must revoke or breach a license before bringing a declaratory judgment for patent invalidity or non-infringement. The Association's brief is currently due on June 12, 2006.

Mr. Isaacs reported on the Judges' Dinner. This year saw the highest paid attendance (3,003) and also the highest number of congratulatory notices in the bulletin (28). 3,304 persons registered to attend the Dinner, including 163 honored guests. There were no problems with the elevator service and the new firm reception areas opened by the Waldorf for firms that had previously in the Towers worked well. The Board members thought the Dinner was a great success and that the three-course meal and the singing of the National Anthem by the Juilliard students were improvements to the Dinner. The Board was pleased by the reception that Judge McLaughlin of the Second Circuit received when accepting the Outstanding

Public Service Award and by the speaker, Scott Turow. Mr. Isaacs noted that he believes we have developed a true partnership with the Waldorf with respect to the Judges' Dinner.

The Board discussed issues surrounding continuation of the contract with Star Consulting. Prior to the meeting, Mr. Isaacs had presented a proposal to continue to provide services to the Association for the 2006-07 Association year. The Board was uniformly highly complementary of the services Star Consulting has provided and approved a contract for Star Consulting to continue representing the Association. One new project that Star Consulting will undertake is to implement credit card payments for CLE programs.

Mr. Giaccio reported on the Association's CLE activities. Next year the Association will have new Committee Chairs for the Committee on Meetings and Forums, which runs the monthly luncheons, and the Committee on Continuing Legal Education, which runs all of the Association's other CLE programs. Alexandra Urban and Tom Meloro have done an outstanding job chairing these Committees in the past three years and are giving up their Committee Chair positions to serve on the Board next year.

Mr. Giaccio reported on arrangements for the Annual Meeting and Dinner.

Mr. Erwine reported on the activities of the Committee on Public Information, Education and Awards. We received 27 papers in the Conner Writing Competition and 6 submissions for the Inventor of the Year award. The Committee reviewed all the submissions and recommended the top three papers and inventors. The Board will review the Committee's recommendations and select an Inventor of the Year and a winner and runner up in the Conner Writing Competition.

Mr. Thurlow reported on the activities of the Committee on Patent Law and Practice. The Committee reviewed proposed Patent Office rule changes. The Committee prepared a draft report on the proposed Patent Office rule changes. The Board reviewed the draft report and made suggestions for revisions.

The meeting was adjourned at 2:30 p.m.

The next meeting of the Board is scheduled for Wednesday, May 24, 2006 at 4:45 p.m. at the Princeton/Columbia Club.

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Minutes of June 13, 2006

The meeting of the Board of Directors was called to order at the Penn Club at 12:15 p.m. by President Marylee Jenkins.

Mark J. Abate, W. Edward Bailey, Dale Carlson, Ronald Clayton, John Daniel, Anthony Giaccio, Theresa Gillis, Christopher Hughes, Thomas Meloro, Karl Milde, Phillip Shannon were present. Also in attendance were committee chairs Amy Benjamin, Marilyn Brogan, Jeffrey Butler, Hunter Carter, William Dippert, David Einhorn, Richard Erwine, Alozie Etufugh, Samson Helfgott, Kathleen McCarthy, Susan McGahan, Howard Miskin, Jonathan Moskin, Ashe Puri, Stephen Quigley, Paul Reilly, Rochelle Seide, Thomas Spath and Peter Thurlow. In addition, present from Star Consulting were Michael Isaacs and Haya Flexer.

The minutes of the Board of Directors' Meeting held on May 24, 2006 were approved.

Committee reports were presented by each of the committee chairs in attendance. Each provided the Board with a summary of the committee's organization activities to date, along with a brief statement of the planned focus of the committee for the coming year.

It was agreed that the committee chairs would present further reports to the Board at the Board's meeting on October 10, 2006 and February 13, 2007, and, as in the past, would present their final annual report at the Annual Meeting on May 23, 2007. Accordingly, the next joint meeting of the Board and the committee chairs will be on Tuesday, October 10, 2006 at the Penn Club. The Committee chairs other than Amy Benjamin, Ashe Puri and Peter Thurlow were excused from the remainder of the Board meeting.

Mr. Daniel presented the Treasurer's report. The finances of the Association remain sound.

Mr. Giaccio reported on the 2006 Annual Meeting and Awards Dinner. It was agreed that the venue for the meeting was an improvement and that Judge Mukasey was well received.

Mr. Abate reported the plans for the 2007 Annual Meeting and Awards Dinner. An effort is underway to expand interest and participation. An effort is being made to enlist Judge Michel as the speaker.

Mr. Giaccio reported that the planning process for the 2007 Judges' Dinner is underway.

Ms. Jenkins reported on the status of the proposed Local patent Rules. While it was agreed that the drafting and finalizing the rules should continue, there have been indications from the Court that it is somewhat unreceptive to specialized local rules.

Ms. Jenkins reported that the Association of Intellectual Property Professionals of Puerto Rico and inquired about co-sponsoring a CLE program in January 2007. Amy Benjamin was asked to secure more information concerning the Puerto Rico organization and program.

Anthony Giaccio reported that Albany law School is sponsoring an IP conference in New York on October 27 and 28. The law school has requested access to the NYIPLA membership list. Ms. Jenkins requested that Mr. Giaccio secure additional information about the program. It was agreed that there would be additional discussions over the summer concerning the value of building a relationship with Albany Law School.

The Board agreed that it needs to develop a policy governing co-sponsorship of programs. Among the issues to be considered in developing that policy are access to the co-sponsor's membership and attendance lists, access to speaking opportunities and the nature and value of the credit received as a sponsoring entity.

The meeting was adjourned at 2:05 p.m.

The next meeting of the Board is scheduled for Tuesday, September 12, 2006 at noon at the Penn Club.

Minutes of September 12, 2006

The meeting of the Board of Directors was called to order at the Penn Club at 12:10 p.m. by President Marylee Jenkins.

Mark J. Abate, W. Edward Bailey, Ronald Clayton, Anthony Giaccio, Theresa Gillis, Christopher Hughes, Karl Milde, Robert Scheinfeld, Phillip Shannon and Alexandra Urban were present. Also in attendance were committee representatives Amy Benjamin, Meyer Gross, Ashe Puri and Peter Thurlow. In addition, present from Star Consulting were Michael Isaacs and Haya Flexer.

The minutes of the Board of Directors' Meeting held on June 13, 2006 were approved.

Mr. Isaacs presented the Treasurer's report on

behalf of John Daniel, Treasurer. The finances of the Association remain sound. Mr. Isaacs reported that a new accounting system with a coding program has been implemented. The new system will allow more efficient tracking and reporting of income and expenses. This fiscal year will provide the base year for future comparables. It was also reported that the credit card payment system has now been implemented for payments for a number of activities and will be implemented on a rolling basis for all payments to the NYIPLA, except for the Judges' Dinner.

Reports were received from several of the committees and task forces. Ms. Jenkins encouraged Board liaisons to reach out to their committees to become active.

Mr. Puri, Chair of the Publications Committee, reported that the Green Book was being organized and that the Bulletin had received several good contributions. Ms. Jenkins encouraged Board members to contribute to the Bulletin.

Ms. Benjamin reported that the CLE Committee is very active, with planning for the November 17 all-day program well underway. The NYIPLA has been accredited by the New York State CLE Board. The CLE Committee is exploring resurrecting the trademark/copyright program. Mr. Meloro will be planning the CLE Day of Dinner program at the Judges' Dinner. Amy Benjamin reported that the CLE Committee was exploring the possibility of a cocktail reception sponsored by a vendor at the conclusion of the November 17 all-day program. There was discussion as to whether the Association should or would move into some type of commercial sponsorship at CLE programs. This topic was to be further discussed at the October meeting. For the November 17 all-day program, the Association will provide the written materials in a CD-ROM format, with an extra cost option for print.

The Board voted unanimously to expand the co-sponsorship relationship with the JPP CLE and will make a \$4,000 contribution. The NYIPLA will request that the JPP CLE co-sponsor two events with the NYIPLA during the 2006-07 year.

Mr. Thurlow reported that the Meetings and Forums Committee is very active, with a number of programs already planned. He reported that materials for meetings and seminars will be made available on CD-

ROM depending upon the results and feedback after the November 17 all-day program. It was agreed that the NYIPLA would decline to co-sponsor a program with the Puerto Rican Intellectual Property Law Association this year.

Mr. Abate reported that the Amicus Committee has already filed the brief in the MedImmune case. The amicus brief in the KSR case will be due in mid-October and is being drafted.

Mr. Scheinfeld reported that the NYIPLA proposed local patent rules have been circulated to the judges in S.D.N.Y. by Judge Mukasey. In circulating the rules, Judge Mukasey has characterized them as guidelines for the judges which they can elect to use in their discretion. The task force will make a proposal for presenting the rules to the E.D.N.Y.

Mr. Gross discussed the work of the Insurance Task Force. It was the consensus of the group that it would be inappropriate for the NYIPLA to propose "best practices." The task force will continue to explore insurance options for IP practitioners.

It was agreed that at the next Board meeting Mr. William Dippert will present on the proposed PTO rules changes.

Ms. Jenkins called to the Board's attention several recent ethics decisions relating to patent issues. The Board approved continuing a grant to the American Intellectual Property Law Education Foundation in the amount of \$10,000.

Mr. Giaccio reported that the Judges' Dinner is scheduled for March 23, 2007, and that planning is on schedule.

Mr. Abate reported that planning for the Annual Meeting and Awards Dinner in May 2007 is on track. The meeting will be held at the Princeton Club and will be in a format similar to that used at the May 2006 meeting.

The Board unanimously passed a motion to sponsor the Albany Law School IP Conference being held in New York City on October 27-28, 2006. The NYIPLA will provide a \$5,000 contribution in exchange for which the NYIPLA would be featured in promotional materials for the conference.

Mr. Abate reported that hosting the Federal Circuit in New York City in the fall of 2007 continues to be explored.

The meeting was adjourned at 1:55 p.m.

The next meeting of the Board is scheduled for Tuesday, October 10, 2006 at noon at the Penn Club. The next meeting will be a joint meeting of the Board and Committee Chairs.

Minutes of October 10, 2006

The meeting of the Board of Directors was called to order at the Penn Club at 12:05 p.m. by President Marylee Jenkins.

Mark J. Abate, W. Edward Bailey, Dale Carlson, Ronald Clayton, John Daniel, Anthony Giaccio, Theresa Gillis, Christopher Hughes, Thomas Meloro, Karl Milde, Vincent Palladino, Phillip Shannon and Alexandra Urban were present. Also in attendance were committee representatives Amy Benjamin, Marilyn Brogan, William Dippert, David Einhorn, Alan Fanucci, Meyer Gross, Samson Helfgott, Jonathan Moskin, Ashe Puri, Steven Quigley, David Ryan, Rochelle Seide and Peter Thurlow. In addition, Michael Isaacs and Haya Flexer were present.

Reports were received from the committee representatives who were in attendance. Following their reports, the representatives not invited to remain for the Board meeting were excused.

The minutes of the Board of Directors' Meeting held on September 12, 2006 were approved.

Mr. Daniel presented the Treasurer's report. He reported that the dues collection is running ahead of last year and, accordingly, the Association has more cash on hand relative to last year.

Mr. Giaccio reported that planning for the Judges' Dinner 2007 was underway and that a save-the-date mailing would be sent to Association members in December.

Mr. Abate reported that planning for the Annual Meeting and Awards Dinner 2007 was underway and that a speaker was being sought.

Ms. Jenkins raised the issue of sponsorship of events by the NYIPLA. It was agreed that sponsorship should be considered only where there is a clear benefit to NYIPLA members, such as networking opportunities or reduced cost.

Mr. Isaacs provided the Executive Director's report.

A motion was made to have a cocktail reception after the November all-day CLE meeting and to raise prices to cover the cost. The motion was approved unanimously.

Mr. Giaccio reported that JPP has agreed to co-sponsorship of two events.

The meeting was adjourned at 2:05 p.m.

The next meeting of the Board is scheduled for Tuesday, November 14, 2006 at noon at the Penn Club.

Minutes of November 14, 2006

The meeting of the Board of Directors was called to order at the Penn Club at 12:10 p.m. by President Marylee Jenkins.

Mark J. Abate, W. Edward Bailey, Dale Carlson, John Daniel, Anthony Giaccio, Thomas Meloro, Phillip Shannon, and Alexandra Urban were present. Also present were Rochelle Seide, Chair of the Committee on Legislative Oversight and Amicus Briefs and Michael Isaacs of Star Consulting

The minutes of the Board of Directors Meeting held on October 10, 2006 were approved.

Ms. Seide reported that, with respect to the Microsoft v. AT&T case, the committee was exploring a brief, and would circulate the brief to the Officers & Board as well as the committee. Further, the committee would circulate proposed NYIPLA conflict guidelines with regard to amicus participation by the Committee on Legislative Oversight and Amicus Briefs and the NYIPLA Board.

Ms. Jenkins provided the report for Membership Committee Chair Marilyn Brogan on a proposed event to be held in February. The Board approved the proposal of the Membership Committee to conduct an event targeted toward increasing the participation of women in the Association, tentatively to be held at the offices of Arent Fox PLLC on February 8, 2007 from 6:30 – 8:30 PM. The event will be sponsored by Arent Fox PLLC.

Mr. Daniel reported that the Association was in sound financial condition and has more cash on hand in relation to last year, attributable to increased dues receipts.

Mr. Giaccio reported that Albany Law School

acknowledged the sponsorship contribution provided to them by the Association for the program they conducted in New York City.

Mr. Abate reported that Judge Dyk will be the Keynote Speaker at the Annual Dinner in May. With respect to the Conner Writing Competition, the Board reaffirmed the geographic area for inviting submissions from law schools – same geographic area as for the Judges Dinner. It was recommended that the Inventor of the Year Call for Nominations be started soon.

Mr. Giacco reported on the planning process for the Judges Dinner. The Board approved pricing of \$205 member/\$325 non-member/\$2000 Congratulatory Notice. Any firm taking a Congratulatory Notice would receive a complimentary one-quarter page ad in the new journal to be distributed at the Annual Meeting in May.

Mr. Meloro reported that the panel for the CLE Day of Dinner Program, held in conjunction with the Judges Dinner, was complete. Hon. Randall R. Rader and Hon. Denise Cote will participate on the panel. Mr. Daniel suggested the topic of rules of electronic discovery for a CLE program.

The Board briefly discussed the publication of the proposed patent local rules in the recent publication of the Bulletin and possible next steps for approaching other U.S. district courts concerning consideration of these rules.

The meeting was adjourned at 2:35 p.m.

The next meeting of the Board is scheduled for Tuesday, December 12, 2006 at noon at the Penn Club.

The NYIPLA Bulletin
welcomes articles
on
intellectual property law
and practice.
E-mail to:
Ashe P. Puri,
Bulletin Editor, at
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New York Intellectual Property Law Association,
On Behalf of the
Committee on Meetings and Forums
and the
Committee on Continuing Legal Education,
Presents

CLE Day of Dinner Program and Luncheon

In Conjunction with the *85th Annual Dinner*
In Honor of the Federal Judiciary

Friday, March 23, 2007

The Starlight Roof at The Waldorf-Astoria

301 Park Avenue • New York, New York

11:30-12:00 Welcome Reception

12:00-12:20 PM Lunch

12:20-2:00 PM Program

- ♦ **Hon. Randall R. Rader,**
Circuit Judge, U.S. Court of Appeals, Federal Circuit
- ♦ **Hon. Denise Cote,**
District Judge, U.S. District Court, Southern District of NY
- ♦ **James Galbraith,**
Kenyon & Kenyon LLP
- ♦ **Leora Ben-Ami,**
Kaye Scholer LLP
- ♦ **Thomas J. Meloro,**
Willkie Farr & Gallagher LLP: Moderator
- ♦ **Marylee Jenkins,**
Arent Fox PLLC: Welcome

Course: PRELIMINARY INJUNCTION MOTIONS IN PATENT LITIGATION – IS THIS YOUR DAY IN COURT?

Course Description:

- ♦ What constitutes a “substantial question” on the merits?
- ♦ Where does *Markman* fit in a case with an early preliminary injunction motion?
- ♦ What harm truly is “irreparable”?
- ♦ How will immediate appellate review affect your overall case?

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